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PROTECTION AND FREE TRADE.

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PROTECTION AND FREE TRADE

WITH SPECIAL REFERENCE TO

CANADA AND NEWLY SETTLED COUNTRIES:

HISTORY OF TARIFFS AND WHAT THEY TEACH.

BY

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PREFACE.

The questions of Free Trade and Protection are now attracting more attention among the manufacturing and commercial nations of Europe and America than at any previous time. They lie at the basis of a nation's prosperity. Free Trade is cosmopolitan ; Protection, national and patriotic.

Until recently, Free Trade was regarded by most Englishmen as the worship of Brama is by the Hindoos, a matter for devout contemplation only,—too sacred for discussion. But the fair trade movement has recently decided five important elections ; and Mr. Ritchie's motion in March, 1882, in the British House of Commons, which Free Traders turned into one of Fair Trade against Free Trade, was lost by only 51 votes, there being 140 against it and 89 for it. A change of 26 votes would have carried it.

When free trade was adopted in 1846, English imports and exports were nearly equal ; in 1880 her imports were within a few pounds of £410,000,000, and her exports but £222,000,000—little over half. Her exports of woollens to Germany in 1872 were £8,659,000 ; in 1880, only £1,010,000. In 1872 England sent to the United States woollen goods to the value of £5,627,000 ; in 1880 only £2,210,000.

Adopt free trade, said Cobden, in 1846, and there will not be a tariff in Europe which will not be changed in less than five

years. The time will come, said Disraeli, in 1852, when the working classes will come to you on bended knee and pray you to undo your present legislation.

Whether sound or unsound principles shall shape our policy in Canada, is of paramount importance.

We have to do with economic questions under circumstances very different from those of England ; she suffers from a deficiency of food ; we have more than enough, for which there is no market. She has vast surplus capital and unemployed labour ; we want both. Manufactures would give us home markets ; capital and labour would develop our resources ; still England insists upon our looking at the world from her standpoint. The policy we advocate is for a young country, with boundless resources yet undeveloped, limited capital and sparse population ; and it is the policy under which all great manufacturing and commercial nations have attained the highest prosperity.

OTTAWA, May, 1882.

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PROTECTION AND FREE TRADE.

CHAPTER I.

HISTORY OF PROTECTION.

Protection in England—France—United States—Italy—Spain and Portugal—Hanse Towns—Flanders, Belgium and Holland—Germany—Russia.

In the following pages we have given the facts, so far as our narrow limits would allow, connected with the development and maintenance of home industries in the great manufacturing and commercial states of Europe and in the United States.

We have shown that in Great Britain, France, Germany, Russia and in the United States, manufactures were developed and maintained by protection in every form which the ingenuity of Statesmen could devise. For two centuries protection to native industries was the leading policy of the States foremost in the industrial arts,—protection the most rigid to every industry on land, as well as to their shipping, and enforced with great rigour over every sea and every land where their flag ruled,—under such protection, established for the sole purpose of fostering native industries, the great manufactures of those States were developed and maintained.

Free-traders tell us that they were established and developed, not by protection, but in spite of it. Yet they give us no facts to

prove this assertion. England is no example, for her manufactures had been developed beyond those of other nations under protection long before the adoption of free-trade, so called. In economic questions, at least, we prefer to be guided by facts—by experience—by the well established results of the practical working of a system. We leave to this purely hypothetical school, the will-o'-the-wisp light which is the only guide their vague theories give them.

PROTECTION IN ENGLAND.

The woolten and iron trades are the two industries which lie at the basis of the manufacturing and commercial greatness of England. In 1613 the woollen industry of England had made such progress that Hume says of that period 'a great jealousy then existed with regard to foreign merchants; they had to encounter a multitude of difficulties. Under Edward IV. (1461-1483) this jealousy increased to such an extent that the importation of foreign cloths and many other articles were prohibited.' More than three centuries ago the manufacture of wool had attained a high degree of prosperity under the fostering care of Elizabeth, (1559-1603.) The exportation of wool was prohibited, and the coasting trade restricted to English vessels. Previously England had exported most of her wool in the raw state. But as early as the reign of James I. (1603-1625) the woollen goods alone exported as the result of protection, were valued at £2,000,000. Before the time of James I. the chief part of the cloths were sent to Belgium to be dyed and finished, but under protection in this and the subsequent reign (1603-1653) the dying and finishing of woollens had attained such excellence that the export of undressed cloths was almost entirely discontinued and from that period the export was only of the finished goods. In the time of

James I. woollen goods constituted nine-tenths of the entire value of English exports.

This industry gave to England the means of supplanting the Hanse or North German towns in the markets of Russia, Sweden, Norway and Denmark, and of attracting to herself the best part of the trade of the Mediterranean and the two Indies. This developed the mining and coal interests; the coasting trade and the fisheries followed;—these combined were the base of the maritime power which made the act of navigation (of 1651) possible, and thus founded the naval supremacy of Britain. Around this industry as around a common trunk gathered successively the other branches of manufactures which have given to England her industrial, commercial and maritime greatness.

As early as the reign of Elizabeth (1559-1603) the importation of finished leather and a variety of other manufactured articles was prohibited.

England built up her manufactures by the most rigorous system of protection, by bounties, by prohibitions, by fines, and even by forfeiture of property and death, for the violation of her commercial laws. In 1567 (8th Eliz. c. c.) it was enacted that the exporter of sheep should, for the first offence, forfeit all his goods, be imprisoned one year, and then have his left hand cut off; for the second offence he was to be adjudged a felon and suffer death. By the 13th and 14th Charles II. (1666) the exportation of wool was made a felony and the exporter subjected to the same penalties as a felon. For the purpose of building up her woollen trade an act was passed in 1700 prohibiting the importation of India calicoes, chintzes and muslins. In 1720 it was enacted that no person should wear a printed calico dress without the payment of £5; the seller to be fined £20. It was not till 1774 that Parliament sanc-

tioned the manufacture and use of cotton. The laws prohibiting the exportation of machinery for the manufacture of flax were in force as late as 1842.

In the time of Richard the II., in 1381, a navigation act had been passed, but soon ceased to be operative. The Parliament of 1461 passed a similar act which was not assented to by Henry VI. James I. in 1622 also proposed one which was rejected by the Parliament.

The first efficient navigation act was passed in 1651 and the second in 1763. They enacted that no imports should be admitted into England unless in English vessels of which the officers and two-thirds of the crews were English. The last of these laws especially was enforced with the utmost rigour over every sea and every coast, as well against her own colonies as against foreign nations. Previously to the time of Elizabeth, ships had been bought of the Hanseatic (North German) league. Elizabeth, by restrictions and encouragements, introduced the art of shipbuilding. The herring and whale fisheries were encouraged by premiums. By prohibitions or high duties Elizabeth built up the manufacture of fine woollens, hats, glass, paper, watches, linen, silk and metals.

Once in possession of an industry England surrounded it for centuries with her solicitude as a young plant requiring constant support and attention.

From the time of James I. (1603-1625) to the period when England began her free-trade legislation in 1841, the production of cloth had increased under protection six-fold, having then reached a value of £26,000,000. Cotton, mostly developed during the previous half century, had, in 1841, a value of £45,000,000. In the 14th century, England feeling herself so destitute of iron that she prohibited its export, manufactured, in 1841,

more iron and steel than all other countries—the value being £18,000,000. This result was secured under protection established expressly to develop this industry. In 1679, two centuries ago, Parliament imposed a duty of ten shillings a ton on foreign iron. Eleven years after, the duty was increased to £1 1s. 6d. per ton in English vessels, and £2 10s. in foreign—thus giving a double protection to her interests on land and on sea. The duties on iron were increased fifteen times over the long period of 140 years, and in 1819 amounted to £6 18s. 6d. in English, and £7 18s. 6d. in foreign ships—iron less than three-fourths of an inch paying £20 per ton. The result of this experiment with the duties increased fourteen-fold, and in every instance specific, was the reduction in the price of English iron to £10 per ton, while in France, iron was £25 10s.; in Belgium and Germany, £16 14s.; and in Sweden and Russia, £13 13s.—the wages of men in all these continental nations being at the same time much lower, in some states one-third lower than in England.

This long protection gave security to capital invested in iron works, and it gave time for new generations of men to grow up with those facile habits—that second nature—which only long practice can impart, and which had given the British iron-workers such pre-eminence over their fellow artizans of other countries.

The whole product of the manufacturing industries of the three kingdoms was estimated in 1841—after more than two centuries of protection—at £187,000,000. The development of manufactures had augmented the value of the agriculture of the country to £285,000,000—such increase in agricultural products re-acting powerfully upon all the industrial interests of the country.

England has undoubtedly been indebted for this increase in

her productive power to her policy of protection, to her navigation acts, her treaties of commerce, and, in common with other countries, to her progress in science and art.

The influence of the free-trade acts of 1842-45—and 46, in extending British commerce has been much over-estimated. For the three years following 1846, the trade of England was less than during the three years preceding; and up to 1861, to the beginning of the American war, the trade of the United States had expanded more rapidly than that of Great Britain. The same would be true of France, making allowance for the injuries to her industries by the revolution of 1848.

When we find the wonderful development in manufactures and trade which began thirty years ago, in every great commercial and manufacturing nation of Europe and in the United States, we must look for some more general cause of this than can be found in the free-trade acts of one of those countries. The great development of steam, the increased facilities for transit on land and sea, and the increased amount of gold thrown into circulation—from fifty millions of dollars annually, before 1848, to twice and even to three times that amount after 1848—are agencies of wide-spread influence and of sufficient potency to account for this increased activity in all the great manufacturing and commercial communities, and not merely in Free-trade England.

David Syme, when he emigrated to Australia, carried with him the free trade theories of an Englishman. His experience in this new country soon convinced him that a science based on assumptions, offered no solution of grave questions which business men in a country without accumulated capital and machinery have to solve. In the course of his admirable little volume entitled “Industrial Science” he says :

The manner in which English capital is used to maintain England's manufacturing supremacy is well understood abroad. In any quarter of the globe where a competitor shows himself who is likely to interfere with her monopoly, immediately the capital of her manufacturers is massed in that particular quarter, and goods are exported in large quantities and sold at such prices that outside competition is effectually crushed out. English manufacturers have been known to export goods to a distant market and sell them under cost price for years, with a view to getting the market into their own hands again. The *modus operandi* is incidentally explained with much *naïveté* in a report published some years ago by the House of Commons, referred to further on. Britain's diplomacy has been a more effective agent of conquest than her navy and army. Space will permit me to refer to but a few cases. Her first treaty with Turkey bears date 1579. The Turks were then famed for their industry, skill and social order. They worked in iron, steel, copper, cotton, wool, silk and tobacco, all of which their country produced, with corn and oil in profusion. No country of Europe is richer in native resources than the Turkish Empire, as it then existed. The treaty of 1579 stipulated that the duty on British goods imported into Turkey should be fixed at three per cent; and that provision, by subjecting the industries of Turkey to unrestricted British competition, wrought the overthrow of the power that had just threatened the conquest of Europe. "Nature," says Henry C. Carey, "has done everything for the people of that country, and of all those of Europe the Turkish Rayah approaches in condition nearest to the slave."

Under the influence of Free-trade England, Turkey still has a low revenue tariff of 7½ per cent. on all imports except on coals and linseed oil, and Turkey, notwithstanding her great

natural resources, remains one of the poorest countries of Europe. Nor can this inferiority in industrial development be wholly attributable to difference of races, for the same statement, somewhat modified, would be true of Italy and Portugal till recently.

PROTECTION IN FRANCE.

Protection has existed in France for more than two centuries. In 1661, during the reign of Louis XIV., Colbert removed custom-houses from the borders of the provinces and established them on the frontiers of the kingdom. In 1667 he imposed heavy duties on foreign manufactures, and did everything in his power to establish factories, and to *naturalize* on the soil of France, the raw materials used in their workshops. Since that time, now for more than 200 years, France has adhered to protection, under all her forms of Government, whether Bourbons, Orleanists, Constitutionalists, Red Republicans or Bonapartists—both of the first and second empire. The Cobden treaty of 1861, between England and France, was in no sense a free-trade treaty. It was not free-trade, for duties were imposed by both countries. It was not reciprocity even, for England was to admit many French articles free, while France put upon English manufactures a duty of 30 per cent. *ad valorem*. Besides, reciprocity is not free-trade.

To get coal was, no doubt, Napoleon's object. France cannot get it from her own soil. She has ships, but no coal. Sir Robert Peel, in 1842, put an export duty of 4s. per ton on coal. The French treaty raised it in England from 15s. to 20s., and from 20s. to 25s. per ton. British coal-beds are not inexhaustible; scientific men give but 250 to 300 years, at the present rate of consumption, before they will be exhausted; but the consumption must increase, as also the expense of obtaining it, and with the exhaustion of this fuel must follow the wane of England's

superiority in her peculiar industries, and in her shipping. But Cobden was determined to have a treaty, however one-sided, and Napoleon accommodated him.

Of the many great branches of industry, silk, woollens, sugar, &c., which have grown up in France under protection, we select here for illustration, the sugar, as being near our own times, and perhaps the best example of an industry built up designedly by protection. In the case of beet-root sugar, protection has naturalized, in the temperate zone, a tropical product which has not only supplied France with all the sugar she consumes, but gives her large surpluses for export. It has also given a wonderful impetus to agriculture and stock-raising, and now, instead of needing protection, pays a large revenue to the Government.

Under the continental system, established by Napoleon, excluding sugars of British colonies from the countries under his control, and through the rigorous blockade by Great Britain, the price of sugar rose to nine francs the kilogramme (3s. 9d., stg., per lb.) Chaptel, the Minister of the Interior, established two Imperial factories to manufacture sugar from the beet. These examples were followed in many parts of France, and sugar was made from the beet at a price considerably below that to which it had recently risen.

In 1812 Napoleon issued a decree establishing chemical schools and Imperial manufactories for the extraction of sugar from beets; granting licenses to owners of factories, and to others who had made sacrifices in promoting that branch of industry, and ordering the cultivation of 100,000 acres, which would produce, it was estimated, 37,000 tons of sugar sufficient, at that time, for the wants of France. Sugar produced in France was exempted from every tax for four years.

After various legislative modifications, the duty on foreign sugar was raised. From 1822 to 1825, more than 100 small factories worked regularly, producing annually about 5,000 tons of sugar. In 1838, a duty of 16 francs 50 centimes on 100 kilogrammes (6s. 9d. sterling, per cwt.) was imposed on beet-root sugar. In 1840 it was increased to 27 francs 50 centimes (11s. sterling per cwt.) This still left a differential duty of 8s. 2d. sterling in favour of beet-root sugar. In 1843 it was proposed to raise the duty on beet-root sugar by 5 francs a year per 100 kilogrammes, till the duty should be equalized with that on colonial sugar. In 1848 the nominal equalization of the duties was effected.

From 1822 the production of sugar from beets rapidly increased. In 1828 its produce was only 4,000,000 kilogrammes (8,808,000 lbs., or 4,404 tons). In 1838 it was 86,238,697 lbs., or 43,000 tons. In 1858, 303,000,000 lbs., about 150,000 tons. In 1874, it was 450,877 tons; and in 1875, 462,259 tons. A policy was adopted in Russia, Germany, Hungary, Belgium and Holland, similar to that in France—namely, protection to the beet-root sugar—and with similar results.

The production of sugar from the beet, is only one of the great benefits conferred on France by the creation of this industry. Its effect on agriculture and the raising of stock is most beneficial,—the production of wheat rising in some districts from 20 to 32 bushels per acre, and the number of cattle fed from 400 to more than 10,000 head in nine years.

One remarkable result of the establishment of manufactures in France as in every country, has been the constantly falling price of manufactures, and the increasing price of agricultural products—prices of the raw material and manufactured fabrics steadily

approximating. The prices of raw sugar No. 12, in Paris, exclusive of impost by government, were gradually falling from the establishment of the beet-root refineries under heavy and increasing protection.

	Price per lb.
In 1816 the price was	12 6-10 cents.
1826.....	10 3-10 "
1854.....	5 8-10 "
1864.....	5 3-10 "
1866.....	5 "

M. Blanquee, although opposed to protection, says (*Histoire de l'Economie Politique*, vol. 2, p. 6) of Colbert's system :

“ Taken altogether it composes the finest politico-economic edifice ever created by any government. Alone among the ruins of the past it has remained standing, and towers now at its greatest height notwithstanding the shock of revolutions. He opened the way for the national labour in a manner at once wise and regular, and to his measures is due the fact that France ceased to be exclusively agricultural, and became enriched by the new value given to her land and to the labours of her people.”

M. Say, another French free-trade writer says “ If France has now the most beautiful manufactures of silk and woollens, she is probably indebted for them to the wise policy of Colbert.”

Instead of the 4,000 tons of beet root sugar manufactured in 1829, France now produces from 400,000 to 500,000 tons per annum. She, however, imports about 200,000 tons of sugar annually. The consumption has increased from 35,000 to 266,384 tons per annum, (1876.) All this sugar is refined at a profit to commerce and industry, and France exports about

450,000 tons every year. The free-traders wished, at any price, to retain their trade of 35,000 tons of foreign sugar, and were quite willing to sacrifice the interests of home industry and of agriculture. Protection prevailed, and French commerce now handles about 860,000 tons of sugar annually, both in France and in foreign countries.

To this great commercial movement, created by the new industry, must be added the carriage and consumption of about 2,000,000 tons of coal, which are annually used in the manufacture of sugar in France, and the numerous other industries which support thousands of families, who in their turn create new sources of wealth.

It is established beyond a doubt that France would have been unable to free herself so easily from the terrible consequences of the last war, without the assistance of the immense agricultural wealth of the whole country, due principally to the beet root sugarries in the north, and vine-growing in the south.

Before 1830, no beet-root sugar factories existed in Europe, except in France. The writings of M. Dombasle, and others of the same school, stimulated the production of sugar in Belgium, and then in Germany, with the following results in 1875-6 :

Germany (tons).....	346,645
France " 	462,259
Russia " 	245,000
Hungary " 	153,922
Belgium " 	79,796
Holland " 	30,000
<hr/>	
	1,317,622

showing an increase of beet sugar production, in forty-seven years, of three hundred and thirty fold.

Total cane sugar manufactured in 1874, was 1,840,986 tons; do. of beet sugar, 1,110,166 tons. Total, 2,951,152 tons.

M. Telesphore Bran, who wrote a pamphlet on the Foundation in Canada of the manufacture of beet sugar, thus epitomises the advantages offered by this industry. He says, "An enlightened practical study on the subject, of half a century, shows, in the most conclusive way—

1st. That the cultivation of beets, far from impoverishing the soil, vastly increases its fertility, by the production of an abundant supply of manure.

2nd. That by the very many ploughings, harrowings, hoeings, &c., indispensable to this crop, the land is prepared in the very best manner for the crop which follows.

3rd. That this hoed crop enables the farmer to follow the best and most rational system of rotation for his farm.

4th. That not only does the sale of the beet to the sugar factory cover the whole cost of the production, and of the cleaning and manuring of the soil for future crops, but that generally it brings to the farmer a larger cash return per acre than any other crop he could raise.

5th. That it enables the farmer to obtain in summer the assistance of a great number of hands, who find a profitable occupation at the manufactory for the whole of the winter; thus creating a better market for farm produce, and generally a source of wealth to the country which can hardly be over-estimated."

Numerous practical tests have shown, in the most conclusive manner, that for feeding purposes the beet refuse, or pulp, is

worth about one-third as much as the best hay. That is, three tons of refuse equal one ton of excellent hay.

The sugar beet crop of France produces on good land, with high culture, an average of about 30 tons per acre. In Germany the average under similar circumstances is about 20 tons, but the beets are much richer than in France, and more sugar is produced per acre than in France. In Germany an acre of good beet roots gives an average of from 2,800 to 3,000 pounds of sugar. Considering the average of beet roots produced to be 20 tons to the acre, the refuse in pulp would be equal to about two tons of the best cured hay per acre.

The farmer after having sold his beet roots with profit, and after having sowed hoed crops, which will cause an extraordinary improvement in the subsequent crops, will have as an additional source of profit, the nutritious value of two tons of hay per acre—that is to say, much more than is produced by our good meadows. This should be sufficient to prove in the most convincing manner, the importance of the introduction of this industry, even from a purely agricultural point of view. From an industrial and commercial standpoint, a most necessary commodity would be produced which we have now to purchase in foreign parts at the cost of about six millions of dollars, besides import charges, customs duties, &c.

Besides, to produce this sugar in this country we would use 230,000 tons of coal, which would give a great impulse to the development of coal mines in the Maritime Provinces.

PROTECTION IN THE UNITED STATES.

Acts of navigation, as well as the protection of industry by import duties, are so material to nations having a presentiment of

future commercial and industrial greatness, that the United States, immediately on attaining their independence, adopted maritime restrictions and protection to native industries.

The first tariff of the United States was that of 1789, passed during the presidency of Washington, who was a strong advocate for protection to domestic industry.

The preamble of that act declared that such "a tariff was required for the support of the United States and for the *encouragement of domestic manufactures.*"

The duties under that tariff were low, averaging only $8\frac{1}{2}$ per cent. But the principle of protection was thus early adopted and advocated by all the leading men of the Republic. So favorable were the effects of that tariff on the prosperity of the country that President Washington in 1791, and Jefferson in 1801, in their messages to Congress, congratulated the nation on the flourishing state of its manufactures and agriculture.

In 1804 the duties were raised to 15 per cent., and in 1815 the manufacturers of the Republic employed 100,000 operatives, and the annual value of the products amounted to \$60,000,000.

Since 1789 the tariffs of the United States have been changed some forty times, with duties varying from 15 to 20, 30, 40, 50, and on some articles to 125, and even to 200 per cent.

The chief of those tariff enactments were those of 1804, 1816, 1820-22-24-28, 1834, 1842, 1846-7, 1861, and 1867.

The tariffs of 1820 and 1822 were framed in the interest of protection alone, and that of 1824 was a measure of unqualified protection; and that of 1828 was even more decidedly protective, with higher duties.

The tariff was raised in 1804, lowered in 1818 (making it a

revenue tariff); raised in 1824 and 1828, lowered in 1832 (revenue tariff); raised in 1842, lowered in 1849, and raised in 1861 and 1867. A crisis or great depression followed the lowering (revenue tariffs), and prosperity the protective tariffs, in all these instances. At an early period (in 1832) in the history of free-trade and protection in the United States, the effects here referred to, of revenue and protective tariffs, were pointed out by Henry Clay, the ablest American statesman of that day.

The tariff of the United States is far more protective than that of any other country. The following table * shows the duties on some of the chief articles of British manufacture at the ports of the United States and the four chief European countries.

* Report 26th June, 1877, No. 291.

—	United States. Ad valorem.	France. Ad val.	Germany. Ad val.	Russia. Ad val.	Austria. Ad val.
Iron (bar)	67 to 100 p.c.	35 p.c.	Free.	50 p.c.	35 p.c.
Copper.....	30 "	Free.	"	Free.	Free.
Cotton yarns.....	53 to 86 "	"	4 to 9½ p.c.	23 "	6 to 9 "
Woollen yarns	85 "	"	½ "	13 "	1 to 2 "
Jute.†					
Manufactures	30 to 40 "	11 to 26 "	5 "	10 "	4 "

† On cottons, linens, silk, jute, hides, paper, coals, sugar, and some other articles, the duties are imposed in the United States on the estimated value at the port of import.

We refer chiefly to the woollen and iron trade developed by protection in the United States.

The number of sheep in the United States in 1850 was

21,000,000 ; in 1860, 24,000,000. The increase in the number of sheep in ten years was only a little over 3,000,000, and in wool, 10,500,000 pounds. But under the high tariff duties on wool and woollen fabrics in 1861, and the still higher duties of 1867, the increase on native grown wool and the manufacture of wool was enormous. And notwithstanding the greatly increased consumption of woollens, there was a constant and growing decrease in the importations ; the decrease from 1860 to 1868 was \$5,527,000. But from 1873 to 1878 the decrease in the importations, in five years, was \$25,738,000. That is, from \$50,460,000 in 1873, to \$24,724 in 1878—more than 50 per cent. decrease.

There is a great and steadily growing consumption of wool and woollen fabrics in the Republic, and yet we find this greatly diminished importation—showing that the United States are supplying their home market with the product of their own mills. Their woollen goods, too, are constantly falling in price, while the quality is improving.

The influence on the woollen trade of the United States from the tariffs of 1861 and 1867 may be briefly stated.

1st. An increase in the annual production of wool and extension of woollen manufactures.

2nd. A great increase paid for labour in the woollen industry.

3rd. A decided improvement in the quality and finish of the woollen fabrics.

4th. The average prices of substantial, serviceable woollen fabrics were lower in 1869 than they were ten years before.

That the woollen fabrics are not an exception to the general increase in home manufactures in the United States under high protection, is shown by the great decrease in the imports of the

chief articles of consumption from 1873 to 1878. In iron and steel the decrease was from \$59,000,000 worth in 1873 to \$9,000,000 in 1878; in cottons from \$29,000,000 to \$19,000,000; in woollens from \$50,000,000 to \$24,000,000; wool, not manufactured, from \$20,000,000 to \$8,000,000; and the exports, from November, 1877, to November, 1878, exceeded the imports by \$300,000,000. In Great Britain the excess of imports over exports, in 1877, was \$690,120,000. Whatever theorists may say of the balance of trade, the vast increase of imports compared with exports in free-trade England, and the great increase of exports over imports in the United States, a country having the highest protective duties, are results which cannot satisfactorily be explained on any free-trade hypothesis.

Although many efforts were made to establish iron works in the old American colonies, beginning as early as 1619, the commencement of this industry cannot be dated earlier than 1718, when the first iron works were established in Philadelphia. In 1810 the cast iron made in the States was estimated at 53,900 tons.

In 1820.....	50,000 tons.
1830.....	100,000 "
1840, pig and bar	483,000 "
1850, pig	563,000 "
1860.....	987,000 "
" rolled.....	513,000 "
" blooms	51,526 "
" steel.....	11,838 "
1870, pig iron.....	2,052,821 "
" rolled.....	1,468,000 "
1876, pig	2,093,000 "
" rolled	1,921,000 "

From the report for 1880, of the American Iron and Steel Association we gather that the output of pig iron in the United States that year was 4,394,414 net tons, an increase of 40 per cent. over the previous year. That of Great Britain was 7,721,833 gross tons, an increase of about 30 per cent. Comparing 1880 with 1870, however, the British production has grown 17 per cent. in ten years, while that of America has doubled. The United States make more Bessemer Steel than any other country. During 1880, 1,074,262 gross tons of ingots were made—an increase of 30 per cent. over the production of 1879. The steel rails made weighed 852,196 gross tons, an increase of not quite 40 per cent. over the output of 1879. In England, in the same year, 1,044,382 tons of ingots and 739,910 tons of rails were turned out. In the opinion of Mr. Swank, the Secretary of the Association, the steel works of the United States will, at the close of the present year, be equal to an annual production of 1,750,000 net tons of ingots and 1,500,000 net tons of rails.

The first Bessemer steel works were established in the United States in 1857. In 1870 there were only 19,000 tons produced, and in 1877 the amount had risen to 757,000 tons, and the price had fallen from \$158.50 per ton, in 1868, to \$42 per ton in 1878—the fall having been continuous from 1868 to 1878.

While there has been this enormous increase in the production of iron and steel in the United States, there has been a corresponding falling off in the imports; the imports having been, of iron and steel, in 1855, 61,724 tons, and 9,195 tons in 1877. The imports of bar, rod, hoop, steel and plate iron were 144,911 tons in 1855, and only 26,300 in 1877. The prices, too, of all kinds of iron have been constantly falling. The wholesale prices of the best refined rolled bar in Philadelphia, in 1844, were per ton

(2240 lbs.) \$85.62; in 1850, \$59.54; in 1877, \$52.08; in 1878, \$45.55. Iron rails, in 1847, were \$67 per ton; in 1850, \$47; in 1878, \$35. There must, during this period, have been an enormous consumption of iron and steel, for, in 1867, there were only 39,000 miles of railways in the States, but in 1877, there were 79,000 miles.

These two great industries, the woollen and iron, in the United States as in England, were developed and maintained by high protective duties; and they were but examples of the many domestic industries which grew up under the fostering care of the governments of these States.

Prior to the establishment of American independence the English Parliament had, by successive statutes, restricted the right of the colonists to employ their time and skill in the conversion of native raw materials into wares and fabrics. Referring to some of these laws, Carey, the American writer on protection, said :

The first attempt at manufacturing any species of cloth in the North American provinces produced a resolution on the part of the House of Commons (1710) that "the erecting of manufactories in the colonies had a tendency to lessen their dependence on Great Britain." Soon afterward complaints were made to Parliament that the colonists were establishing manufactories for themselves, and the House of Commons ordered the Board of Trade to report on the subject, which was done at great length. In 1732 the exportation of hats from province to province was prohibited, and the number of apprentices to be taken by hatters was limited. In 1750 the erection of any mill or other engine for slitting or rolling iron was prohibited; but pig iron was allowed to be imported into England duty free, that it might there be manufactured and sent back again. At a later period Lord Chatham declared that he

would not permit the colonists to make even a hobnail for themselves; and his views were then and subsequently carried into effect by the absolute prohibition in 1765 of the export of artisans, in 1781 of woollen machinery, in 1782 of cotton machinery and artificers in cotton, in 1785 of iron and steel-making machinery and workmen in those departments of trade, and in 1799 by the prohibition of the export of colliers, lest other countries should acquire the art of mining coal.

British consuls were required to note and report the attempted establishment in any of the States of any branch of manufactures which might compete with the productive or commercial interests of England; and her capitalists immediately glutted the colonial ports of entry with the article proposed to be manufactured at prices below the cost at which they could possibly be produced in this country. The temporary loss thus incurred would, the manufacturers knew, be compensated by the prices that might be demanded when their monopoly of the market should be re-established. The policy when first applied to the American colonies was not experimental—it was traditional. It had been resorted to in the markets of all unprotected or insufficiently protected countries, and was now to be executed on a grand scale in the young Republic.

Lord Brougham, referring to the losses on England's exports, said: "it was well worth while to incur a loss upon the first exportation, in order, by the glut, to stifle in the cradle those rising manufactures in the United States which the war had forced into existence, contrary to the natural course of things." This process was thoroughly effective. Our workshops, says an American writer, were closed; their proprietors were bankrupt; our skilled labourers were without employment, and there was open to them

no refuge but the almshouse or work to which they were unused, as agricultural labourers in the newly settled districts of the country. The public revenues had been unduly swollen by these excessive importations ; but, pending the glut and the inability of our unemployed and impoverished people to consume imported manufactures, the Government found itself without current revenue.

To counteract the effects of this conspiracy the protective tariffs of 1816, known as the Calhoun Tariff, and of 1824 and 1828 were enacted. Under their beneficent influence our feeble industries revived and the Treasury of the Government was amply replenished ; but when these tariffs were deprived of their protective power by Mr. Clay's Compromise Bill which went into effect in 1833, the glutting of our markets was again resorted to, and 1840 found our labourers without employment because a conspiracy of British manufacturers had ruined the proprietors of the shops and factories in which they had been selling their time and skill.

Under the effect of the protective tariffs referred to, the last instalment of the national debt was paid in 1834. But in 1840, thanks to a tariff for revenue only, conceded by Mr. Clay and the Whig party to the disciples of the science based on assumptions, the financial condition of the Government was deplorable. Not only was it without revenue but without credit. In his report of December 7th, 1840, the Secretary of the Treasury estimated that at the close of the year 1841 there would remain in the Treasury an available balance of but \$824,273 ; and that even this small balance might disappear and a deficit of several millions be found, 'under the operations of the Compromise Tariff Act of 1833,' which was rapidly lowering the amount of the

customs duties levied. The President, in his message to Congress at its extra session in June, 1841, estimated the probable deficit in the Treasury at the close of the year at \$11,406,132, and the Secretary of the Treasury informed Congress that during the previous four years, the expenditures had exceeded the revenue by \$31,310,014, and in his special message to Congress of December 6th, 1842, President Tyler said :

After a failure in the American market, a citizen of high character and talent was sent to Europe, with no better success ; and thus the mortifying spectacle has been presented of the inability of this Government to obtain a loan so small as not in the whole to amount to more than one-fourth of its ordinary annual income, at a time when the governments of Europe, although involved in debt, and with their subjects heavily burdened with taxation, readily obtained loans of any amount at a greatly reduced rate of interest.

Under this pressure, Congress passed the highly protective law of 1842.

“ The prosperity thus produced was, however, short-lived, for in 1846 Congress substituted for the protective tariff of 1842 the tariff for revenue only, prepared by the Secretary of the Treasury. The country had never prospered under such a tariff. Was it to do so now ? Let experience answer this question. The law went into effect in 1847 ; and, though we mined \$1,100,000,000 of gold from the newly discovered gold fields of California during the following decade, 1857 found the nation bankrupt, its working people and machinery without employment, its banks broken or in a state of suspension, and the Government again without credit or adequate current revenue. This condition of things continued until, by the protective tariff of 1861 and its war supplements, we made

the duties on imports so high that combined British capitalists could not, after paying such duties into our Treasury, undersell our manufacturers. The experiment would involve more capital than even they felt it safe to venture against such odds. Thus protected our industries again revived, and, with varying degrees of prosperity, have continued to expand."

The founders of the American Republic inaugurated protection to their industries in the earliest years of their history. These men had grown up under the colonial system, and were amongst their ablest statesmen, if not even the very ablest. We give below the opinions of some of them.

Alexander Hamilton's Report on Manufactures, 1791 :

"This idea of an extensive domestic market for the surplus produce of the soil is of the first consequence. It is, of all things, that which most effectually conduces to a flourishing state of agriculture."—"To secure such a market, there is no other expedient than to promote manufacturing establishments. Manufacturers, who constitute the most numerous class after the cultivators of the land, are, for that reason, the principal consumers of the surplus of their labour."

President Washington's last Annual Address, 1796 :

"Congress have repeatedly, and not without success, directed their attention to the encouragement of manufactures. The object is of too much consequence not to insure a continuance of their efforts in every way which shall appear eligible."

President Madison's Special Message, 1809 :

"The revision of our commercial laws, proper to adapt them to the arrangement which has taken place with Great Britain, will doubtless engage the early attention of Congress. It will be

worthy at the same time of their just and provident care to make such further alterations in the laws as will more especially protect and foster the several branches of manufactures which have been recently instituted or extended by the laudable exertion of our citizens."

Thomas Jefferson's Letter to Benjamin Austin, Boston, 1816:

"We have experienced what we did not then believe, that there exist both profligacy and power enough to exclude us from the field of exchanges with other nations; that to be independent for the comforts of life, we must fabricate them ourselves. We must now place our manufacturers by the side of the agriculturist. The former question is now suppressed, or rather assumes a new form. The grand inquiry now is, Shall we make our own comforts, or go without them at the will of a foreign nation?"

President Monroe's Address, 1817:

"Our manufactures will likewise require the systematic and fostering care of the Government. Possessing, as we do, all the raw materials, the fruit of our own soil and industry, we ought not to depend, in the degree we have done, on supplies from other countries. While we are thus dependent, the sudden event of war, unsought and unexpected, cannot fail to plunge us into the most serious difficulties. It is important, too, that the capital which nourishes our manufactures should be domestic, as its influence in that case, instead of exhausting, as it must do in foreign hands, would be felt advantageously on agriculture and on every branch of industry. Equally important is it to provide at home a market for our raw materials; as, by extending the competition, it will enhance the price, and protect the cultivator against the casualties incident to foreign markets."

President J. Q. Adam's Message, 1828 :

"The great interests of an agricultural, commercial, and manufacturing nation are so linked in union together that no permanent cause of prosperity to one of them can operate without extending its influence to the others. All these interests are alike under the protecting power of legislative authority, and the duties of the representative bodies are to conciliate them in harmony together."

Ex-President J. Q. Adams, Address to his Constituents, 1844 :

"The tariff of 1842 has wrought wonders for the purposes for which it was enacted—the procurement of an adequate revenue, and of protection for the native industry and free labour of the land. It has fully performed its promise in the production of revenue. It has restored the palsied credit of the nation, filled the coffers of the Treasurer, provided ample means for defraying the current expenses of the years 1842, '43, '44, and '45, and already paid off a large proportion of the heavy debt contracted by the preceding administration."

James Buchanan, Speech in the House of Representatives, on the Tariff Bill of 1824 :

"A few years ago the traveller going into the mountainous districts of Pennsylvania would have found a great number of furnaces and forges in active operation. Their owners were not only prosperous themselves, but they spread prosperity around them. These manufactories presented the best and surest market to the neighboring country for the products of agriculture. Thus they diffused wealth among the people, money circulated freely, and the manufacturer and the farmer were equally benefitted. The present aspects of those districts present a melancholy contrast to that which I have just described. It is a just comment

upon the policy of that country which will not afford a reasonable protection to its own domestic industry, and thereby gives to foreigners a decided preference in its markets. Although that portion of Pennsylvania abounds with ore, with wood, and with water-power, yet its manufactories generally have sunk into ruin, and exist only as standing monuments of the false policy of the Government. The manufacturers and their labourers have both been thrown out of employment, and the neighbouring farmer is without a market."—"Is it the policy of this nation to suffer the manufacture of iron to be destroyed? No nation can be perfectly independent which depends upon foreign countries for its supply of iron. It is an article equally necessary in peace and war. Without a plentiful supply of it we cannot provide for the common defence."

Daniel Webster :

"The protection of American labour against the injurious competition of foreign labour, so far at least as respects general handicraft productions, is known historically to have been one end designed to be obtained by establishing the Constitution; and this object, and the constitutional power to accomplish it, ought never to be surrendered or compromised in any degree."

"The experiment of low wages has been often tried. We see it going on now in Asia and many parts of Europe. My colleague has recently given us a list of the prices of labour in various countries. We know what those countries are, and what the condition of the people is. On the other hand we have tried the experiment of high wages; and has it not produced the best condition of society, for the general happiness of all, that has ever existed upon the face of the earth?"

Henry Clay, Speech in United States Senate, 1832, said :

"In short, sir, if I were to select any term of seven years

since the adoption of the present Constitution which exhibited a scene of the most wide-spread dismay and desolation, it would be exactly that term of seven years which immediately preceded the establishment of the tariff of 1824."—"If the term of seven years were to be selected of the greatest prosperity which this people have enjoyed since the establishment of their present Constitution, it would be exactly that period of seven years which immediately followed the passage of the tariff of 1824."—"And is the fact not indisputable, that all essential objects of consumption affected by the tariff are cheaper and better since the act of 1824, than they were for several years prior to that law? I appeal for its truth to common observation, and to all practical men. I appeal to the farmer of the country whether he does not purchase on better terms his iron, salt, brown sugar, cotton goods, and woollens, for his labouring people? And I ask the cotton planter if he has not been better and more cheaply supplied with his cotton bagging?"—"I plant myself upon this fact of cheapness and superiority as upon impregnable ground. Gentlemen may tax their ingenuity and produce a thousand speculative solutions of the fact, but the fact itself will remain undisturbed."

The history of free-trade and protection in the United States, a country having so many points of resemblance to our own, is more instructive to us as a modern example. In the language of Dr. Carey, one of their most vigorous writers:—

"Protection ceased in 1818, bequeathing to free-trade a commerce that gave an *excess import* of specie, a people among whom there existed great prosperity, a large public revenue, and a rapidly diminishing public debt.

"Free-trade ceased in 1824, bequeathing to protection a com-

merce that gave an *excess export* of specie, an impoverished people, a declining public revenue, and an increased public debt.

“ Protection ceased in 1834–5, bequeathing to free-trade a commerce that gave an excess import of specie, a people more prosperous than any that had ever been known, a revenue so great that it had been rendered necessary to emancipate tea, coffee, and many other commodities from duty, and a treasury free from all charge on account of public debt.

“ Free-trade ceased in 1842, bequeathing to protection a commerce that gave an excess export of specie, a people ruined, and their government in a state of repudiation, a treasury bankrupt, and begging everywhere her loans at the highest rate of interest, revenue collected and disbursed in irredeemable paper money, and a very large foreign debt.

“ Protection ceased in 1849, bequeathing to free-trade a commerce that gave an excess import of specie, a highly prosperous people, state governments restored to credit, a rapidly growing commerce, a large public revenue, and a declining foreign debt.

“ During the free-trade years that followed 1849 California supplied hundreds of millions of dollars in gold, nearly all of which was exported, or locked up in public and private hoards; the consequences of which were seen in the facts that commerce was paralyzed; that the price of money in commercial cities ranged for years between ten and thirty per cent., and that the indebtedness to foreign nations increased to such an amount as to require, for the payment of interest alone, a sum equal to the average export of all the countries of the world.”

ITALIAN STATES.

After the Roman Empire had fallen to pieces Italy was the chief home of manufactures and commerce in western Europe. A propitious climate and a fertile soil, furnished food for a numerous population. The more necessary arts and trades still flourished. The navigation of an extended coast supplied the want to a great extent of inland communication. The vicinity of Greece, Asia Minor and Egypt, secured to Italy the trade of the East. With these advantages she became necessarily conversant with those arts and manufactures which Greece had saved from ancient civilization.

For the first time since the fall of the free cities of antiquity, Italy gave to the world the spectacle of free and rich communities. The crusaders made western Europe acquainted with oriental countries, opened up profitable commercial relations with the East, and introduced new manufactures and arts and the knowledge of new sources of enjoyment. Florence especially became distinguished for her manufactures and her operations in money and exchange. From the twelfth and thirteenth centuries her manufactures of silk and woollen goods were in a flourishing condition. The woollen manufactures employed no less than 200 factories, and produced 80,000 pieces of cloth, the raw materials of which were imported from Spain. Cloths were also imported into Florence to the value annually 300,000 gold florins (\$5,000,000) from Spain, France, Belgium and Germany, which, after being dressed in her factories, were sent to the East. Florence was the banker of all Italy, there being no less than 80 banks. The State had a yearly income of 300,000 golden florins, and was richer than the contemporary kingdoms of Naples and Arragon, or Great Britain at the time of Queen Elizabeth.

In the twelfth and thirteenth centuries the commerce and industry of Italy were in advance of all other countries. We are indebted to Italy for banks, for the compass, for improvements in naval construction, for bills of exchange, and for many valuable regulations and commercial laws. Her merchant marine and her navy were by far the most considerable in the Southern Seas. The trade of the world was in her hands. Italy supplied all other countries with manufactured articles as well as with tropical commodities, and received from them raw materials. But she lacked national unity, and the power which this unity gives, and in default of this lost her position and had to yield her place to other nations which possessed that unity.

The history of the maritime power of Italy furnishes the evidence of her ruin. From the eighth to the eleventh century Amalfi,* flourished in wealth and power. Her ships swarmed upon every sea, and her money circulated exclusively in Italy and the East. The maritime code of Amalfi being regarded as the best extant, was adopted in all the ports of the Mediterranean. In the twelfth century this power was destroyed by Pisa, which in turn fell beneath the power of Genoa, and Genoa in turn yielded to Venice.

So long as Venice had to do only with the fragments of Italian nationality, she could maintain her manufacturing and commercial supremacy along the shores of the Mediterranean and Black Seas; but when nations full of vigour, and united arose, Venice being a city only had to yield to more powerful rivals. The principal causes of the fall of that Republic with its manu-

*Amalfi was a city on the Gulf of Salerno, near Naples. In the 10th and 11th centuries it had a population of 50,000 and traded in Egypt and the East. Its code of laws (*Tabula Amalfitana*) was held in high repute.

factures and trade, were the inactivity, want of energy and the apathy of the people.

The commercial policy of modern manufacturing and commercial nations, is little else than the adoption, upon a large scale, of the Venetian policy. Maritime restrictions and import duties favoured the ship-owners and manufacturers of the country—the importing of raw materials, and the exporting of manufactured products.

SPAIN AND PORTUGAL.

The Spaniards and Portuguese were indebted for their rapid and great fortunes to their maritime discoveries. But it proved only the riches of spendthrifts, while the wealth of the commercial and manufacturing nations was based on the more enduring foundation of home industries.

But the Spaniards possessed, at an early period, large flocks of sheep. The breeding of cattle and sheep was, too, the chief foundation of the commercial greatness of England. Henry the First, as far back as 1172, prohibited the importation of Spanish wools, and after the 10th and 11th centuries the woollen manufacturers of Italy drew from Spain the chief part of their raw material. Two centuries previously the inhabitants along the shores of Gascony had distinguished themselves by the manufacture of iron, by their skill in navigation and in the whale fisheries.

In the tenth century, from 912 to 950, the Moors cultivated, in the fertile plains of Valentia, vast plantations of cotton, sugar rice, and were producers of silk. Cordova, Seville and Grenada had also, in the time of the Moors, considerable manufactures of

cotton and silk. Valentia, Segovia, Toledo and many other cities of Castile were distinguished by their manufactures of wool. Seville alone numbered 16,000 looms, and the woollen manufacturers of Segovia employed 13,000 workmen in 1552. Other branches of industry, especially the manufacture of arms and paper, were developed in the same proportion. Down to the time of Colbert (1669) who established the protective policy of France, the French received their fine cloths from Spain. At the time of Philip II, her marine surpassed that of any other nation.

By religious persecution and by despotism, two millions of the richest and most industrious of her inhabitants were thrust out of Spain; these were chiefly the Jews and Moors, who carried their capital and skill to foreign countries. The discovery of America, and the route to India by the Cape of Good Hope increased the wealth of Spain and Portugal.

But instead of receiving the products of the two Indies in exchange for their own manufactures as Holland and England did at a later period, they bought goods manufactured in foreign countries with gold and silver extorted from their colonies; they stimulated the industry and commerce of Holland and England which soon became powerful enough to destroy their fleet and to wrest from them the sources of their opulence.

Portugal, under a skilful and energetic minister, made great progress in manufactures. Like Spain she had long possessed large flocks of sheep. Strabo (born the middle of 1st century before Christ) relates that a fine breed of sheep had been introduced from Asia, and that a single sheep was sold for a talent (£322 3 9 sterling). In 1681 Count Ereceina established manufactures of cloth, using their own wool, and thus supplying Portugal and her own colonies; this little Kingdom at one time had

forty princes paying her tribute. Manufacturers of wool were brought from England, and through the encouragement given them by bounties and protection, the manufactures took root so quickly that at the end of three years, in 1684, they were able to prohibit the importation of foreign cloth. Portugal, from that time accomplished the first step in the establishment of home industries, the supplying her own domestic wants.

But these industries, according to an English writer (Br. Merchant, vol. 3, p. 69) flourished for only nineteen years. In 1703, after the death of Ereeina, the English minister Methuen persuaded the Portuguese government that it would be advantageous if Portugal could have her wines admitted into England, paying one-third less duties than the wines of other countries, upon the condition of receiving English cloths at the rate of duty established previously to 1684, or 23 per cent.

Immediately after the treaty went into operation Portugal was supplied with English goods, and the first effect of this was the sudden and complete ruin of the Portuguese manufacturers; an effect similar to that of the treaty of Eden, afterwards concluded between France and England, and to that of the suppression of the continental system in Germany. The yearly exports of England to Portugal exceeded the imports thence by one million sterling; the exports increasing from £300,000 to £1,500,000 a year, the balance in favour of England depressed the rate of exchange fifteen per cent., to the detriment of Portugal. We have, says the British Merchant, a greater balance of trade with Portugal than with any other country.

That treaty has since been regarded by the merchants, by the economists and by the statesmen of England, as a masterpiece of commercial policy. It is called a treaty eminently equitable and

advantageous and the hope was expressed 'that it may last for ever.' Still England, as Adam Smith shows, while admitting the wines of Portugal at one-third less than that charged upon other wines, paid the same duty on her cloths at the Portuguese ports as other nations.

But no doubt English goods admitted even on these terms destroyed the manufacture of goods of a similar character in Portugal; and her commerce and agriculture also declined from that time. Pombal vainly attempted to revive them but English competition rendered all such efforts powerless.

A similar experiment was tried in Spain in the reign of Philip V, and his two immediate successors. Inadequate as was the protection granted by the Spanish kings to manufactures, all branches of industry in every part of the kingdom received a visible and remarkable impulse from the introduction into Spain of the commercial policy which, inaugurated by Colbert and continued in its spirit ever since, has done so much for France. Lord Brougham, a free trader, says, (*Researches upon the Colonial policy of the European Powers*) that the restrictions upon the import of foreign products contributed powerfully to the development of Spanish manufactures; until then Spain derived nineteen-twentieths of her supply of manufactured goods from England.

HANSE TOWNS.

In 1241 Hamburg and Lubeck formed a league to protect themselves from the brigands who disturbed their trade by land and sea. This league united, during that century, all the cities of any importance on the coasts of the Northern seas, upon the Oder, the Elbe, the Weser and the Rhine, to the number of eighty-five. That confederation was called the *Hanse*, which, in low German, means a union.

The Hanse Towns established a commercial policy admirably adapted, under protection, to develop their manufactures and shipping. Knowing that the maritime power of a country rises or falls with its trade, navigation and fisheries, they allowed their goods to be transported only in their own vessels. They established many great maritime fisheries. The navigation acts of England (1651 and 1763) were modelled upon that of the Hanse Towns, and this last upon that of Venice.

The Northern princes to whom a trade with the Hanse Towns promised great advantages in the opportunity it afforded, not only of selling the surplus productions of the soil, receiving in exchange manufactured articles very superior to their own, but of filling their treasuries from import and export duties, looked upon it as a fortunate circumstance when this German league established their commercial houses amongst them; and to encourage this they granted them many privileges and important favours. The kings of England were foremost in granting such favours.

England was then to the Hanse Towns what Poland was at a later date to Holland, what Germany was to England, and what most English Colonies now are to England, the younger communities supplying the older with the raw material in exchange

for manufactured articles. England then gave to the Hanseatic league, her wool, tin, skins, butter and other productions of her mines and agriculture, and received in return manufactured goods. Without protection, England would have long remained towards the older and more advanced countries of the continent, what the colonies and the semi-civilized parts of the world are towards Britain to-day—suppliers of the raw material—hewers of wood and drawers of water. The experience of all countries and all times teaches that so long as a nation is in a state of barbarism, free-trade, which carries off the product of the hunting-ground, its pastures, its forests and its fields, and brings in return better clothing, more perfect tools, with innumerable articles from the more advanced communities, confers immense advantages. A people in that condition, may well adhere to free-trade so long as it advances them in civilization. But experience teaches also that in proportion as such a nation makes progress in industry and civilization, it must experience a change in its internal economy which will show that free-trade is no longer its true policy or to its advantage. It was so with the trade between England and the Hanseatic cities. A century had not elapsed since the foundation of the * steel yard agency, when it occurred to Edward the 3rd that possibly a wiser and more useful policy might be pursued than to export raw wools and import cloths. He began by offering inducements of every kind to the manufacturers of wool in Flanders to attract them to England; and having succeeded with a goodly number, he prohibited the importation of foreign cloths.

* Steel yard. This was a corporation composed chiefly of the inhabitants of the Hanse Towns trading in England in the time of Henry 3rd (1216-1271). They had many privileges and were exempted from heavy duties paid by other foreigners. So ignorant were the English of commerce that this company, called the merchants of the 'Steel Yard,' engrossed almost the whole foreign trade of the kingdom down to the reign of Edward (1271-1307).

This league established agencies in England, in Russia, in Norway and in most countries of Northern Europe, had their ships of war subsidized by even the kings of England, the crowns of whose sovereigns they held in pledge. They attained their **great power and wealth, not** by the passive doctrine of *laissez faire*, nor by free-trade, but by a vigorous system of protection till they possessed a monopoly in the markets of Europe. This, too, was England's policy till her supremacy in manufactures and trade was such that she found no rivals.

FLANDERS, BELGIUM AND HOLLAND.

These countries were particularly favoured by nature for agriculture and manufacturing industry; Holland especially for pasturage and commerce. In no part of the continent could a vast marine and river navigation promote internal communication so successfully as in these countries. Flanders was chiefly indebted for its splendour to her counts, who aided in the establishment of manufactures, the development of agriculture, the raising of her stock, particularly of sheep, and the culture of flax and hemp.

The labour and skill of an industrious population soon turned these raw materials to use. Flanders early became, by her woollen manufactures, the commercial centre of the north, as Venice by its industry and maritime trade, became the commercial centre of the south.

The Hanseatic cities were gradually supplanted by the Dutch in the trade with the northern States. The Belgian manufactures and those of the Rhine with its vast and fertile valley, swelled the commerce of Holland. Philip II. attempted to make the Netherlands a Spanish country; great numbers perished by the

executioner, others fled to Holland and established manufactures of various kinds, but many went to England and Saxony.

These countries, having at first a monopoly in manufactures in northern Europe, did not need protection, but subsequently, after England and France had made great progress in the industrial arts, the protective system was established in Holland and Belgium; and since the separation of these two countries, Belgium has continued it till recently in its most rigorous form and has become, in proportion to her population, the richest country of Europe.

GERMANY.

Germany owes her first progress in manufactures to the revocation of the Edict of Nantes,* and to the numerous refugees driven, by that insane massacre, into Germany, where they established manufactures of woollens, linen, silk, jewellery, hats, glass, china, gloves and of many other articles.

The first public steps for the encouragement of manufactures in Germany were taken by Austria and Prussia; in Austria under Charles VI. (1711-1740) and Maria Theresa, his daughter, (1740-1745,) but more especially under Joseph II. (1765-1790.) Austria had previously suffered considerable injury by the expulsion of the Protestants. Nevertheless through protective duties, improvements in the breed of sheep, in the construction of roads, and by other encouragements from the Government, the industrial arts made remarkable progress as early as the reign of Maria Theresa (1740-5.)

* This was in 1685. In 1598 Henry IV. of France issued the Edict in favour of the Protestants. By its revocation in 1685, under Louis, France lost 500,000 of her best citizens, who carried their capital and skill to other countries and established various manufactures.

The progress was still more rapid under the energetic measures of Joseph II. (1765-90.) At first the results were inconsiderable, because the customs duties were high and Austria was behind other States in arts and manufactures. Protective duties should, at first, be moderate, so as not to disturb too much the existing relations, especially where the change is made from free-trade, or a low revenue tariff. With all her mistakes in introducing a new financial policy, Austria owes to that protective policy her splendid industries and high position in the manufacturing arts.

The industry of Prussia had suffered more than that of any country from the ravages of the thirty years' war.* Her principal manufacture, that of cloth, in the March of Brandenburg had been almost annihilated. The larger part of the manufacturers had emigrated to Saxony, for the import of English goods kept down every branch of industry. Happily for Prussia, the revocation of the Edict of Nantes and the persecution of the Protestants in the Palatinate and in the Bishopric of Salisbury, taking place at that time, large numbers of their foremost manufacturers, with their most skilful workmen, fled to that kingdom.

The great Elector now comprehended what before had been so clear to Elizabeth. Encouraged by him, a great number of fugitives made their home in Prussia, advancing its agriculture, introducing many new branches of industry, and promoting both art and science. His successors followed his example, but none with more zeal than that great king, Frederick II. (1741-1786)—

* This was the war between the Protestants and the Roman Catholics on the continent, ending in the peace of Westphalia, in 1648, by which the rights of the Protestants were confirmed. The war began in 1618, and in 1626 the Protestant princes of Germany, Sweden and Holland, formed a league against the Emperor of Germany.

great by his wisdom in peace and his successes in war. It would be tedious to enumerate circumstantially the numberless measures by which Frederick drew to Prussia a large number of foreign cultivators, by which he improved waste lands, encouraged the formation of meadows, the culture of grapes, of animal food, vegetables and tobacco; by which he improved the breed of sheep, cattle and horses, furnished mineral manures &c., and aided agriculturists with capital and credit. He encouraged agriculture by these direct means; he rendered it still more important service indirectly by promoting home manufactures under a protective system established with that view, by facilitating the means of transportation, and by the institution of a bank of land credit. By these and similar measures, he communicated a more powerful impulse to the progress of industry in Prussia than was felt in any other part of Germany. The geographical situation of the country and its divisions into separate Provinces, were far from favouring this policy, and the disadvantage of high duties as manifested at times in the pernicious results of smuggling, must have been much more injurious than in large States bounded by seas, rivers, or chains of mountains.

Faults, which are not part of a wise protective policy, no doubt, Prussia committed, as the restrictions upon the exportation of raw materials. It was much less by her conquests than by her financial policy in the promotion of agriculture, manufacture and commerce, that Prussia has been enabled to take such high rank among European powers. All this was inspired by one man, one great genius, for Prussia was then ruled by a military despotism. The rest of Germany had remained for centuries with open ports; manufactured articles and other products could be carried into Germany, while German manufactures were excluded from most

of the countries whence these imports came. The war, following the French revolution of 1789, brought to Germany the subsidies of England and her manufactures upon the grandest scale, effecting the ruin of her industries in the midst of an increasing but merely apparent and transient prosperity.

Napoleon endeavoured to cripple England by shutting her out from the continent. This policy, called the continental blockade of Napoleon, was more effectual in encouraging German industries than the most rigorous protection, and from that blockade commenced the most marked improvement in German manufactures and agriculture. Germany, of course, lost her export trade, but she accomplished the first great step taken in every country in the establishment of home industries; she supplied her own domestic wants. Even the United States, with the marvellous development in her home industries, show a very small export trade except in raw materials. Her rapidly increasing population has furnished a home market for her manufactures except in certain lines of trade. We must look for a similar result in Canada, should she pursue, without material change, a protective policy.

At the return of peace, the manufacturers of England renewed their former competition with those of Germany. In the interval, new inventions and the almost exclusive possession of the markets of the world, had given them an immense superiority; better provided with capital, they could give longer credit with goods at lower prices than the Germans, who had still to struggle against the difficulties in commencing, almost anew, many of the industries. Wide-spread ruin ensued, especially among the manufacturers of the Lower Rhine, a region which, having been for many years attached to France, was now shut from the markets of that

country. The tariff of Prussia, once protective, had undergone many modifications in the direction of free-trade. Prussian bureaucracy resisted for a long time all demands for assistance. Her educated men had, through her universities, been too deeply imbued with the free-trade theories of Adam Smith to comprehend promptly the wants of the time. Thirty or forty years ago, the chief text books on political economy in the great seats of learning in England and on the continent as well as in the United States, were Adam Smith, Say, Wayland, and works of the same school. From these sources the specious theories of free-trade have been widely diffused, and nearly every graduate of the universities of the old and new worlds, is, what Arnold called them, "one-eyed men," deeply imbued with the "dismal science," and even more deeply prejudiced against protection. But the practical common sense of Europe and America, has revolted against this narrow, visionary, closet philosophy.

It is not creditable to the great schools, that their teachings are ignored by the uneducated but practical men of business, as visionary. Free-trade has been called by its disciples "the greatest truth discovered in modern times," "as true as the law of gravitation ;" but the business men of Europe and America pass it by as not even a policy commanding itself for their adoption. If Canada is to be saved from this purely theoretical school, it will be necessary that the opinions of protectionists should, at least, be taught side by side with those of free-trade. Or what would be wiser, that works on protection should be the text books.

GERMAN ZOLLVEREIN.

A deaf ear could no longer be turned to the demands of the German manufacturers. The opinion was then gaining ground that the English Government favoured the inundation of the con-

tinental markets with manufactured goods, for the purpose of smothering in the cradle, their infant manufactures, and the efforts and language of the English were precisely what such a policy dictated. An influential member of the British Parliament Henry Brougham, afterwards Lord Brougham, had declared, that 'England could afford to incur some loss on the export of her goods, for the purpose of destroying foreign manufactures in their cradle.' That suggestion of a man afterwards so celebrated as a cosmopolite and philanthropist, was, ten years later, reproduced, almost in the same words, by another member of Parliament not less famed for *his liberal views*, Joseph Hume, who also desired 'that the manufactures of the continent should be strangled in their cradle.' It was afterwards reported by a Parliamentary committee that there were instances on record of wealthy manufacturers spending as much as £300,000 and £400,000 to break up foreign industries; that before capital could again be invested and those manufactures re-established, the English could step in and enjoy the trade which had been destroyed by their sacrifices.

The petition of the Prussian manufacturers was heard at last. The tariff of 1818 met at the time of its enactment all the wants of Prussian industry, without unduly increasing protection, and without restricting the relations of Prussia with foreign countries. The tariff was wisely made much more moderate in its duties than the tariffs of England and France, for the object was not to pass by degrees from the prohibition to the protective system, but from free-trade to protection. The duties, too, were chiefly specific, according to weight, and not *ad valorem*. Smuggling and under valuation were thus prevented or reduced to a minimum, and articles of general consumption which every country can most easily manufacture, had the highest duties.

imposed on them. The home production of such goods was the more important on account of the great quantities used and their high total value. The protective duties were lowered in proportion to the fineness and higher price of the goods which might come into competition with home industry. In Canada, articles of luxury have the highest duties imposed on them, that the burdens may fall most heavily on the rich; but goods, similar to those manufactured in the country, besides being lightly taxed, have their prices reduced by competition among the native manufacturers. And experience proves that, under such a system of customs duties, the combined competition between the home made article and the imported, usually keeps prices as low as under a system of free-trade or under a mere revenue tariff, thus forcing the foreigner to sell his goods low enough to allow the imported to compete with the home manufactured. In other words, the foreigner pays the duties.

The measures which had appeased the Prussian manufacturers dissatisfied those of the rest of Germany. Austria had recently taxed the importation of German products into her Italian possessions. Restricted on all sides to the markets of the small states, and separated from each other by lines of custom houses, the manufacturers of these states were in a condition of great distress.

It was this extremity which led to the establishment of the German customs union, or Zollverein—a cordon of custom-houses thrown around the German States, taxing the goods from other countries, but allowing free-trade among themselves.

In 1819, at the Spring Fair at Frankfort on the Main, an association of five or six thousand German manufacturers and merchants was formed for the purpose of abolishing internal customs, and of protecting German industries from foreign competition.

The association assumed a regular organization, and its objects were laid before the German Diet and submitted to all the princes and Governments of Germany. The city of Nuremberg was the centre of the association. A weekly paper, named the *Organ of the Trade and Manufactures of Germany*, was established to advocate the objects of the association. Every year a meeting was held at the Fair of Frankfort to receive the report of the committee and transact general business.

The association addressed to the German Diet a petition urging the necessity and utility of the measures proposed. It sent immediately a deputation to all the German courts, also to the ministerial congress held at Vienna in 1820. The result reached at this congress was, that several of the smaller states agreed to hold a special congress upon this subject at Darmstadt. The debates which took place in this last assembly, led first to an association between Wurtemburg and Bavaria; then to the union of certain German states with Prussia; then to that of the central states of Germany; and lastly, and chiefly, to the blending of these three customs' confederations; so that with the exception of Austria, of the two Mecklenburgs, of Hanover, and the Hanseatic cities, the whole of Germany was united in a joint tariff association, the Zollverein, which has suppressed internal custom-houses, and established, against foreign countries, a common rate of duties, the product of which is apportioned among the particular states according to their population.

The tariff of that association is substantially the Prussian tariff of 1800; that is to say, a moderate protection,

Under the influence of this association, the manufacturing industry, commerce, and agriculture of the German states which it embraces, have achieved an immense progress.

RUSSIA.

Russia owes her first progress in civilization and industry to her relations with Greece, then to the commerce of the Hanse Towns through Novgorod, and after the destruction of that city, to her commerce with England and Holland through the White Sea.

But Peter the Great (1699-1725) laid the foundation of Russia's greatness, as Frederick did that of Prussia. The history of Russia during the past 170 years furnishes a proof of the powerful influence which the policy of one man can exercise over the industrial interests of a nation. It was not to the *let alone* policy of free-traders, but to the active interference of imperial influence, which established and maintained authority and effected unity among a multitude of barbarian tribes, that Russia owes the rise and progress of her manufactures, the rapid advance of her agriculture, the development of her internal trade through canals and roads, a vast external commerce, and all her industrial and commercial importance.

The present commercial system of Russia was inaugurated by Count Nesselrode in 1821. Under Catherine II (1729-1796) the advantages accorded to foreign manufactures had not been without some benefit to various trades and industries, but the nation was too far behind in general culture to attain to more than the first rudiments in the manufacture of linen, iron, glass, &c., and in those branches of industry for which the country was best fitted by her agricultural and mineral productions. Greater progress in manufactures was not to be expected in the then condition of the country. If foreign nations had received, in payment for their goods, the raw materials and food products which Russia was able to furnish, if there had been no wars, no exterior complications,

Russia might for a long time, have been dependent upon countries more advanced for her manufactured goods. But protracted wars, the continental blockade, and the restrictive measures of foreign nations, compelled her to look beyond the mere export of raw materials and the import of manufactured products.

In Russia as in Germany the public mind had been influenced through the universities in favour of free-trade. The Government, the Czar himself, favoured that policy. The writings of Stork, a free-trader, enjoyed in Russia a similar authority to that of Say in Germany and Adam Smith in England. The commercial condition of the continent for a time favoured the policy of free imports, for bad crops in Western Europe had stimulated a heavy export of agricultural products, giving Russia abundant means for paying for considerable importations of foreign goods.

But when this extraordinary demand for the agricultural products of Russia had ceased, and when England had increased the duties on grain and timber, the ruin of the manufactures of the empire and the excess of the importation of manufactured goods, was doubly felt. It was then that the most clear-sighted and profound statesman of Russia did for his country what the celebrated Colbert had 150 years before done for France.

Dr. List, a distinguished continental writer on economic science, gives this account of free-trade and protection in Russia:

“ Soon after the war of 1815, there arose a teacher of the free-trade theory, a certain Storch, who taught in Russia, what Say did in France, and Dr. Smith in England; Government gave the free-trade system a fair trial, until the Chancellor of the Empire, Count Nesselrode, declared in an official circular of 1821 ‘That Russia finds herself compelled by circumstances to adopt an independent system in commerce, as the raw productions of

the country find but an indifferent market abroad; the native manufactures are becoming ruined already, money is going abroad, and the most solid mercantile houses are about to break.' In a few weeks afterwards the new protective tariff was issued, and the beneficial consequences soon manifested themselves. Capital, talent, and mechanical industry, soon found their way into Russia from all parts of the civilized world, and more especially from England and Germany. Nothing more was heard there of commercial crises, caused by over-trading; the nation has grown prosperous, and the manufactures are flourishing."*

Not finding abroad any markets for her products, Russia undertook to bring the markets near to the products. She established manufactures upon her own domain. The demand for fine wool occasioned by her woollen manufactures had the effect of rapidly increasing the number and improving the breeds of sheep. Commerce increased instead of diminished under this policy, especially with Persia, China and other neighbouring countries. In examining the reports of Russian commerce and manufactures from that time to the present, we find what gigantic strides she has made in wealth and general prosperity. England, of course, complained of this change in the commercial policy of that empire, for an important market for her goods was shut or restricted, and Russia became a powerful competitor for the commerce of Asia: the nearness of the markets and her diplomatic influence giving her great facilities.

If Russia had not improved her foreign trade, her protective policy might still have been an eminent success; for like the

*This independent system, protection, was established in 1821. In 1820, the manufactures of woollens, silks, cottons and linens, were 26,000,000 rubles in value; in 1824, under three years' protection, they had risen to 58,000,000, and imports diminished to even a greater extent.

United States, and like all countries in the infancy of their manufactures, to supply at first the home demand, is a great achievement, and more truly so when a rapidly increasing population brings with it a proportionately increased demand.

Long before the reign of Catherine II, who continued the work of Peter the Great, in Europeanizing everything in Russia, protective duties had been resorted to in that Empire; at the epoch of the Congress of Vienna (1814) there existed a complete system of protection, partly by prohibitions, having for its object the restraint of luxury and the retaining the money in the country.

In treaties of peace, subsequently concluded, diplomatists inserted articles on the subject of free-trade little suited to the condition of Russia. Thence came the liberal tariff of 1819, under the operation of which Russia was inundated with foreign merchandise, and many branches of manufactures were ruined or on the verge of ruin. It was felt that this system, however it increased the revenue by customs, could not be endured; industry was loud in its complaints, and in 1821 a new tariff was decreed, with heavier duties and some prohibitions.

“The Count Canerin found this tariff in force in 1823, when he was named Minister of Finance. He continued it with corrections and improvements; he abolished some prohibitions, he reduced some duties, he increased others with a view to revenue or protection, and modified the custom house regulations.”

That this system does not restrain commerce in an undue degree, is proved by the annual receipts which have increased (up to 1845) three-fold since 1823, of which a considerable portion is furnished by articles of foreign manufacture.

CHAPTER II.

THEORY AND PRACTICE.

To barbarous and semi-barbarous tribes, communities but little acquainted with the arts and sciences, no doubt the free admission of manufactured goods from nations more advanced would be their wisest policy. Such intercourse would open a market for their raw material and supply them with necessaries which they could not get in any other way. The expenditure, too, in such communities for government, internal improvements, etc., is very limited. Customs, in young and poor countries, are the easiest and almost the only means of raising a revenue, and until the imports are sufficient to justify resort to this means of replenishing the exchequer, it would be useless to impose a tariff.

The best examples we have in modern times of the circumstances which first forced young countries to resort to protection, are to be found in the United States, and in the present dependencies of Great Britain—offshoots of the mother country, all of whom have imposed custom duties at first for a revenue, and subsequently to encourage home industry. All the Australian colonies had adopted protection in 1870, which was a very early period in their history to resort to such a policy. New South Wales was the last of those colonies to fall into this measure, that province being differently situated from the others. Sydney, the chief port, possessed a large trade with the interior, for which there was a sharp competition. Business men saw that a tariff and protection would bring diminished trade, and they opposed them.

What protection has done in the great manufacturing nations of Europe and in the United States, it could do in Canada. They

were mainly agricultural as Canada is to-day when they initiated protection as a means for establishing, developing and maintaining domestic industries. These countries, in Europe and America, to which we have referred as building up manufactures by protection, number two hundred and fifty millions of people. While numbers do not necessarily prove the truth of a principle, still the policy of all these great manufacturing countries, pursued in some of them for centuries, and in others almost since their foundation, may safely be adopted by a young country. The one example of free-trade is that of a country which adopted it, after centuries of protection, and when she believed she had no rivals that could compete with her. Nor did England lower and abolish duties on imports in the interest of free trade. Two bad harvests had raised the price of breadstuffs to such a height that the government was forced to repeal the duties on them. The famines of 1845 and 1846 gave birth to that new policy.

During one generation, under free-trade, England has lost position in the markets of the great nations, and even in her own colonies. Her vast marine alone gives her chief control in the distant and semi-civilized parts of the earth. Year by year she imports relatively more manufactured stuffs. Her artisans are thus thrown out of employment and must perish or migrate. Her policy does not economize labour, but annihilates it.

Protection has caused a great flow of capital and skilled labour from older and richer manufacturing countries to the United States, and has, even during the short period of three years, done the same for Canada. England, proper, as an agricultural country, never supported more than four millions of people. Her manufactures added another four millions. These added another equal population engaged in commerce ; and by the reaction of

these on each other, England proper, to-day, swarms with more than twenty millions of people. These add immensely to the development of manufactures.

Duties put upon foreign goods render it more difficult for older and richer States to destroy the infant manufactures of younger and poorer countries. Under a mainly revenue tariff Canadian industries suffered immensely by the goods forced upon her markets from the United States, for the express purpose, under a combination of manufacturers, of shutting up her factories; after which they could step in and command the markets at their own price.

This was a policy well understood and practised in England. In a report of the commission appointed by the House of Commons in 1854, "To inquire into the state of the population in the mining districts," it is stated that :

"The labouring classes are very little aware of the extent to "which they are often indebted for being employed at all to the "immense losses which their employers voluntarily incur in order "to destroy foreign competition and to gain and keep possession "of foreign markets. Authentic instances are well known of "employers having carried on their works at a loss of £300,000 "or £400,000 [\$.1,500,000 or \$2,000,000.] These few wealthy "capitalists are able thus to overwhelm all foreign competition. "The large capitals are the great instruments of warfare against "the competing capitals of foreign countries and are most essen- "tial instruments by which our manufacturing supremacy can be "maintained." (*Report of House of Commons, 1854.*)

By protective duties this danger to young industries can be averted, and they can have time to grow to maturity, shielded from the destroying avalanche of foreign goods thrown upon their

markets under free-trade, and for the express purpose of crushing the domestic manufactures. The policy advocated in the quotation given above is no isolated policy. It is but part of a system long in practice and advocated by even the statesmen of England. Lord Brougham, a liberal, is reported to have said in the House of Commons, that "English manufacturers should destroy foreign competition;" and Joseph Hume, another statesman of the liberal school, said "it was the duty of English manufacturers to crush in the cradle the infant industries of other countries." Protection "is the instrument," to quote from the report given above, in the hands of infant manufacturers to shield themselves from the destruction threatened by the "large capitals" of older and richer countries.

In the sketch which we have given of commerce and manufactures in Europe and in the United States, we find that protection was resorted to at a very early period in the history of their industrial arts, and vigorously pursued, in some instances, for 150 and 200 years. It was under the fostering care of their governments to every interest on land and sea that their manufactures and shipping were chiefly developed. What ground then has the Manchester school for saying that free-trade is and must be the true policy of all countries. But the one-eyed philosophers reason against all facts. This is their strong point.

English free-traders assume that the greatest development of foreign trade is the chief object of a nation. Protectionists believe that the well-being and moral progress of the great mass of the nation is the first care of a government. The care of men in social life is a task so complicated, so changing, requiring such faithful guardianship, and finally such kindly regard, that it ought not to be left to a system of political economy, which does not

even profess to make this one of its objects. No State or people can by any possibility derive more than one-tenth of their consumption from other countries. The amount imported among civilized nations even for this purpose does not probably reach five per cent. of their home consumption. Nine-tenths and more of what people eat, drink, wear and consume, is of home production.

Quesney* first elaborated the idea of universal free-trade. His work, 'Physiocracy, or the Government most Advantageous to Mankind,' adopts the idea of a universal republic of traders,—that the merchants of all countries must be considered as constituting a single commercial republic. He says that an agricultural and commercial kingdom unites two nations distinct from each other; the one constitutes that portion of the people which is attached to the land; the other an extrinsic addition, which forms a portion of the general republic of foreign commerce. The theory of free-trade is cosmopolitan; that of protection, national and patriotic. The free-trader endeavours to shew how men everywhere may attain prosperity; the protectionist, how a nation in certain circumstances may secure prosperity by the encouragement of home industries.

The free-trader's commonwealth would consist of men engaged in commerce in every part of the world, having, as Cobden declared he had, no special attachment for one country over another, having no patriotism, no love of country. The merchant princes of this great commercial republic would become the governing power—they would be the 'peace-at-any-price party,'

*A French economist and physician, a writer on political economy; wrote a work called 'Tableau Economique.' Inventor of the term 'political economy.' Died, 1774.

basing all their calculations upon the delusive hope of perpetual peace.

The title of Adam Smith's work was, 'The Nature and Causes of the Wealth of Nations'; not that which might promote the prosperity of any one nation. It is the cosmopolitan idea of absolute free-trade—it is a universal economy instead of a national economy. According to Dugald Stewart, the biographer of Adam Smith, he has taken as the point of departure for his researches, the maxim: "That for the most part the measures of Government for the promotion of public prosperity are useless, and that to raise a State from the lowest degree of barbarism to the highest degree of opulence, three things only are necessary, moderate taxation, a good administration of justice, and peace." The encouragement of home industries through protection finds no place here.

When England adopted free-trade, so called, in 1846, the total amount of import duties on her great manufactures of iron, wool, cotton and flax, were less than half a million of dollars (£100,000 sterling). Free-trade, therefore, could have had very little influence in favour of or against her manufacturing industries. That free-trade has not been of advantage to Ireland is manifest from the loss of three millions of her population and the ruin of her chief manufactures since 1846. There is now no civilized country in which there is less diversity of employment. Those manufactures and that dense population grew up under the patriotic policy of protection; but under the cosmopolitan policy—universal benevolence—the manufactures have been destroyed and the population has rapidly declined, falling from 8,000,000 to 5,000,000. Ireland is now merely an outlying farm of England, cultivated to suit the trade with England, and not for the best

interests of Ireland; such articles merely being grown as will bear transportation to England, and sell in that market. The industry of the country is confined to agriculture and that narrowed to the demands of British markets. The population being confined to agriculture, the supply is greater than the demand for that one industry; it is, too, an industry paying the lowest wages. The peasantry of Ireland necessarily fell lower in the scale of humanity—nearer barbarism, lived at a lower rate, the legitimate result of a policy adopted by the government, which favoured foreign at the expense of home manufactures.

In a primitive state of the human race we find only families, then cities, and the confederation of cities, then the union of a whole country, and finally the association of many cities and states under one government. The military was the chief force in establishing the great monarchies of antiquity—the Babylonian, the Persian and the Roman. Powerful forces and agencies hitherto unknown, have now been discovered and developed, but whether they will be more effective than the flag of the maritime nations or the spear of the military, in binding together under one Government larger portions of the earth and different nationalities, time alone can prove. But the dream of universal peace may be dismissed as a mere dream. Humanity remains unchanged. Certainly free-trade has done nothing towards such a result, and this was one of the hoped-for blessings of its first apostles. Steam on land and sea, both as a new and great power in the various industrial arts, in navigation, in land carriage, in mining, has effected much, and must effect much more. If such agencies should aid in bringing under one government larger areas of the earth, and if protection should be the policy of the future between nation and nation, free-trade, confined to the

limits of each nation, would be the policy of greater numbers of the human family. We do not say that such a policy would bring greater good or evil; for it is questionable whether many parts of Great Britain have not been injured by free-trade; certainly Ireland has, and without doubt the southern States have suffered as compared with the north, by internal free-trade.

The more advanced nations, in extending their power over those of less culture, have carried to them the arts of a higher civilization. This was the mission of the republics around the shores of the Mediterranean, of Spain and Portugal, of France and Holland, and pre-eminently in more recent years of England in every quarter of the globe. That the semi-civilized tribes have been benefitted by the controlling influence of such association, none will deny. That unrestricted intercourse between two extremes of the human family may result to the benefit of both, may be freely admitted by protectionists, without in the least weakening their faith in the wisdom of protection in a country situated as Canada is.

Universal free-trade would soon lead to protection more rigid than in any nation.

M. Frere-Othan, the Belgian Minister for Foreign Affairs, has recently undertaken to show that, in proportion to its population, Belgium exports more goods than any other nation.

' The total exports of Belgian manufactures for the year 1879 were 1,190,400,000 francs. This was 335,100,000 francs less than the consumption of foreign goods in Belgium, but it represents a very encouraging industrial activity for a nation of only 5,537,000 inhabitants. But to what countries went the exports from Belgium? That country is surrounded by protective nations, it should be remembered. To free-trade England then, of course, a

next-door neighbor, must have gone the bulk of all this large exportation. But what were the facts? Here are some figures which we commend to those who believe that a protective tariff destroys foreign trade:

EXPORTATIONS FROM BELGIUM IN 1879.

To France	frs., 372,100,000
To Germany	" 230,400,000
To England.....	" 230,100,000

Here it will be seen that England is only the third best customer of Belgium, though in proportion to population Belgium is undoubtedly one of the best customers of England. It was in protected Germany and France that the Belgians made their largest sales. So much for theories.

With regard to the growth of national wealth in protective and free-trade countries we find some statistics extracted from a work by Mulhall, entitled "Balance Sheet of the World," and published in London. The figures indicate the increase in capital, or national wealth, in one decade, in the principal countries in Europe. Only those that refer to England, France, Germany and Russia, three protected countries and one free-trader, are here reproduced.

INCREASE IN MILLIONS OF POUNDS STERLING—FROM 1870 TO 1880.

	Gain in ten years.
England.....	£150,000,000
France	295,000,000
Germany	725,000,000
Russia	250,000,000

A portion of the increase to Germany must be regarded as loss to France; for the decade is that following upon the Franco-German war, when the payment of a heavy indemnity enriched

the Germans at the cost of French savings. But even inert Russia, it will be seen, increased her capital more rapidly than trading England.'

SOURCES OF REVENUE.

England raises more than one-fourth of her immense revenue by customs duties; two-thirds by customs and excise, and only one-eighth by direct taxation—namely, the property tax and assessed taxes; yet England pretends to have adopted the principles of free-trade, while she obtains by customs £20,000,000 of her £80,000,000 revenue.

If we take the *opinions* of theoretical free-traders as our guide, then all customs and excise duties are inconsistent with the principles of free-trade. Revenue must come from direct taxation alone. On this ground one of their leading advocates, John Bright, once proposed an income tax of half a crown in the pound—one-eighth of every man's income—as a substitute for customs. Hence also the Financial Association of Liverpool, driven by the logic of their own theories, called Mr. Gladstone, the then Chancellor of the Exchequer and a free-trader, to account for taking a penny off the income tax and retaining the duties, although he admitted that the corn duties were impolitic. The Free-trade Association asserted that the corn duties were a protective duty amounting to £4,000,000 sterling, while they were supposed to have got entirely rid of protection. Mr. Gladstone in reply said:

"Direct taxation, I admit, if we were to proceed upon *abstract* principles, is a sound principle. But, gentlemen, have some compassion upon those whose first necessity it is to provide for the maintenance of the public credit, to provide for the defences of the country, to provide in every department for the full efficiency of the public service. I wish I could teach every

political philosopher and every financial reformer to extend some indulgence to those who would ascend along with them, if they could, into the seventh heaven of speculation, but who have weights and clogs tied to their feet, which bind them down to earth. Let no Government be induced under the notion of *abstract*, extensive, sudden, sweeping reforms, to endanger the vital principles of public credit or to risk throwing the finances of the country into confusion." (*Gladstone's speech at Liverpool, 13th October, 1864.*)

Here the issue is put fairly and broadly by free-traders themselves, and their theories admitted to be impracticable, even in England, for the benefit of which they were formed. A financial association composed of leading free-traders, asks the Chancellor of the Exchequer, an out-and-out free-trader in *theory*, to retain the penny just remitted on the income tax and take off the duties on corn. Mr. Gladstone, as a free-trader, has to admit the "soundness" of the "abstract principle" here pressed upon him, but exclaims in terror of the consequences of putting in practice the "sound principles : "

"Gentlemen, have compassion on me while a Minister of the Crown, and after that I will go with you strong on the *abstract* principle, although utterly impracticable in the affairs of terrestrial kingdoms. I warn any government against adopting free-trade."

If all free-traders were as harmless as Gladstone, and would leave their theories in their books or in the seventh heavens, we would not object to them. Free-trade confined to the closet and protection in *practice*, would suit us. In strict accordance with the position here taken by this free-trade Chancellor of the Exchequer has been his own practice, and that of every Finance Minister of England, since the adoption of the so-called free-trade policy

in 1846; that revenue must be derived chiefly from customs duties.

Mr. Laing, M.P., recent Finance Minister of India, and sent there as a thorough free-trader, gives the preference, after his India experience, very decidedly to customs over all other systems or means of raising a revenue. It is, he says, a most simple, productive, and in the main, equitable mode of raising the necessary revenue, and I believe little more remains to be done in the way of adjustment of taxation. *The greater substitution of direct for indirect taxation may be a favourite theme with theorists, but it will not stand the test of practice.* Direct taxation is open to the fatal objection, that, if uncertain, it leads to fraud and vexation, and if limited to certain incomes and objects it involves glaring inequality, by omitting others as real though not so easily ascertainable. An income tax, in the condition in which he found India, Mr. Laing proceeds to say, is the worst possible tax.

Accordingly Mr. Laing, who was sent to India as a free-trader, and who sums up his polities in the two compound words, free-trade and non-intervention, established customs duties as almost the sole source of revenue; and England, which adopted "free-trade" only theoretically, however, "as the policy of the Empire," following the dictation of Mr Laing, surrounded India with a cordon of custom houses as soon as that vast Peninsula became a part of the Empire.

The *London Times*, too, the unreasoning advocate of free-trade amongst all people, in all parts of the world, under all circumstances, and which calls "free-trade" the noblest truth that has dawned on political science, (September 4, 1864), while condemning in no very mild terms the Colonies for not abolishing their custom houses, (which England will not do,) and for not

relying on direct taxation, which England can not do, puts in this strong plea for indirect over direct taxation, (August 13, 1864):

“Before they acquire a lengthened prescription, may we venture to ask whether the annoyance they impose, and the sort of bodily fear under which they put every man of property or in trust, are not to be an element in the question between direct and indirect taxation? That indirect taxes are collected easily and paid most readily completes the case in favour of indirect taxes over direct. You need never use an article unless you choose.” And again “the false returns (in the income tax) are made by the lesser merchants, professional men and tradesmen, a class in fact having at present most interest at elections, and whose opinions determine the policy of the nation. There is no argument against the continuance of the income tax so potent as the deterioration of the political morality it begets in the lower classes. Politicians would be justified by this consideration in abolishing it were there any hope of achieving such a result.”

If England and India with the hoarded wealth of ages cannot dispense with customs, how could a country like Canada with her sparse agricultural population and little accumulated capital? The machinery for the collection of an income tax would cost more than the net proceeds.

It is thus established by the practice of Britain at home and in India, under the administration of free-traders themselves and admitted by those disciples of this purely theoretical school who have had experience in the finances of those countries, that revenue must be collected mainly by indirect taxes, and chiefly on imports. This, too, has been our own practice, and the practice of every nation of Europe and America whose trade renders such a source sufficiently remunerative.

Collection of revenue by customs is the most equitable and general, every one paying in proportion to his purchases; the rich heavily on his costly luxuries, but the poor lightly, and little by little through the year as he receives his daily wages. All taxes are oppressive and annoying; but those by customs are least oppressive, and least annoying—the amount being drawn imperceptibly in the form of purchase money. The income and property taxes are the oldest and rudest forms of taxation. They are blood-letting by the hatchet and tomahawk. Under the name of customs dues taxes are drawn, as under the influence of chloroform. *Ceteris paribus*, men's feelings ought to be considered. The property and income tax is the old rude form of seizing one-tenth of a man's crops in the field—the "stand and deliver" *modus operandi*. It has been left for commerce, if not for Christianity, to devise a more equitable and refined system.

This tax, says Thiers, the distinguished French statesman and writer, is paid insensibly by slow degrees, so that the taxpayer, who generally has little foresight, pays his share of the public charges, while paying his daily expenses. He can retrench his expenditure if he thinks he cannot meet it. This tax is a most equitable one, for the rich pays the greater share.

Having then to rely mainly on customs for revenue, the question of chief importance for us is, shall we so adjust those duties as to encourage the establishment of manufactures in the country and foster them in their infancy, or shall we legislate solely for the collection of revenue without any reference to those industrial pursuits so prolific of wealth?

Nor could Canada, if so disposed, give up customs duties. She has built gigantic works at a cost of \$116,000,000 to facilitate her own trade and that of foreign states passing through her

country. On her canals, which give us an inland navigation of 2,400 miles from the Atlantic to the head of Lake Superior, she has expended \$40,328,000. These canals, when completed, will admit vessels of 1,200 tons. On her 8,000 miles of railway, with 2,500 miles more nearly completed, the Dominion Government aid is \$80,000,000 and with the subsidies promised will amount to \$118,864,000. Various other public works, provincial debts assumed, &c., will increase this sum to \$200,000,000.

Whence is a young country, thinly settled and with little accumulated wealth, to get the means of paying this debt except by duties on imports? Those works, too, are of immense advantage to the English manufacturer. Through them his wares are carried thousands of miles to the very heart of the continent, to parts which otherwise they never could reach; thence also are brought the vast surplus products of those fertile regions, cheapening the food, and consequently feeding better the millions of the sons and daughters of toil in the Old World. As a mere commercial speculation those canals and railways, with our customs duties doubled and even trebled, would be of priceless value to the English manufacturer; for if he had not those facilities, his goods, even supposing they could reach those distant markets, would pay a thousand-fold in transit dues more than they now do in customs.

Mr. Gladstone with others has found fault with the tariff laws of Canada. Why did he not here, as in his own case, apply his "simple test," whether his proposal "would have had success;" for as an experienced minister he had, of course, a substitute for the policy which he so strongly condemned.

In his speech on the *Budget* of 1865 this same free-trade financier labours to prove that the malt tax of seven millions and

a half falls on the *consumer*; and the *Times* says that Mr. Gladstone has conclusively proved that the malt tax falls on the consumer and not on the producer. Why then are not Canadian duties, so much complained of, a tax on the Canadian consumer and not on the English producer? Cottons and woollens are as necessary for the Canadian as beer for the Englishman. The farmer who may have £10 to spend for his family would buy no more by first putting aside £1 for the income tax and then paying the £9 for his goods than by giving the £10 for his fabrics.

CHAPTER III.

FREE TRADE ASSUMPTIONS AND SOPHISMS.

If by a science be meant a collection of truths ascertained by experiment or experience, and on which all well informed men are agreed, then political economy, as now understood, is not a science ; and free-trade, one of its tenets, is not a science ; it is simply a policy, wise or unwise according to circumstances : it may be wise to adopt it in a country at one time and unwise at another ; and circumstances may justify the reversal of the policy which for a time may have been sound.

Lord Bacon, in his poetic and appropriate language, calls such errors as that of erecting a policy into a truth, an idol, and charges mankind and theorists in particular, with gross idolatry at its shrine.

If we take experience as our guide then protection is the true policy for at least young countries.

If we run over the history of the establishment and development of manufactures in the great countries of Europe and America, we shall not find one in which they grew up under free-trade ; in every case they were fostered by rigid protection long continued.

One-third of a century ago England was fascinated with the specious theory of free-trade. Agricultural interests, the colonies, the shipping, every interest in the Kingdom, was dust in the balance ; the manufacturing towns, which were the most clamorous for the change, are now the first sufferers. The experience of one generation has cooled the enthusiasm, and men are beginning to look for the old paths.

There is a tendency among writers on economic questions to

look for a greater degree of order and conformity with general risks than really exists.

England, if not like the city of old, wholly given to idolatry, has erected free-trade into an idol, whose worship is wide spread and costly beyond the hecatombs offered by the Greeks to the Goddess Diana. Free-trade, says an English writer, with the pleasanter parts of Christianity, is the religion of the English. The intelligence of the world, outside of Britain, is against free-trade.

A common fallacy of free-traders is that things should be let alone—the *laissez faire, laissez passer* theory. Everything on the contrary is improved by art. The indigenous sloes, and crabs and weeds by culture, become plums and apples and flowers. The garden, let alone, is over-run with briars and brambles; subjected to the care of man it abounds in delicious fruits, and roots, and the most beautiful flowers. Man, in an uncultured state, is a stupid, sensual, ferocious, disgusting savage; but cultivated and Christianized, he is only little lower than the angels. Egypt, by nature, was a country of sterile, moving sand; her noble river full of black mud, too filthy to slake the thirst or wash the person, has become, through her system of canals, reservoirs and multiform contrivances for irrigation—by immense labour, the minister of health, cleanliness and fertility—a land of plenty for three thousand years, even under the bad governments of the Pharaohs, the Ptolemys, the Persians, the Romans, the Caliphs, the Mamelukes, and the Pachas; and all this in violation of the *laissez faire* theory.

In Holland, once below the level of the sea, human art has created pastures teeming with flocks and herds, rich artificial gardens nourishing the industrious and thriving population of

innumerable cities, towns and villages—Amsterdam and Rotterdam, populous, opulent and splendid cities, built on piles driven into the mud—all protected by artificial banks from the sea. Holland, in the 17th century, was the greatest of maritime and commercial powers. Compare this artificial policy in Egypt and Holland with the *let alone* system in Ireland, by nature the most fertile country in the world, but by the *laissez faire* policy a pauper dependent upon foreign charity. M. Thiers, Prime Minister and President of France, characterised this *let alone* system—that system which would leave labour and capital to their own course, as a “system of indifference, inaction, impotence and folly.

The natural course of commercial affairs uninfluenced by legislation is impossible. You must have revenue; the chief sources of revenue are customs and excise. Customs duties are most easily collected, least felt, and part at least of the burden is thrown on the foreigner. Fiscal regulations may be so arranged as to destroy home industries; they may, too, be so adjusted as to create them. The least harm and the most good cannot spring from the least possible care; to shoot without taking aim is not the surest way of hitting the mark.

Foreign commodities, free-traders say, are always paid for by home commodities; therefore the purchase of foreign commodities encourages home industry as much as the home commodities.

Both propositions are untrue, as England, whose free-trade writers propounded them, has found to her cost.

If an Ottawa trader buys a thousand pounds worth of shoes in Montreal, this sum goes to the shoemakers, the tanners, the last-makers &c., in Canada, and by them is distributed to the farmer, the gardener, the butcher, the baker, the grocer, the hatter and to the dealer in all kinds of fabrics. The spending of

this sum in the country surely does Canada more good than if it were sent to a foreign country. Nor is it an answer to this to say we pay more at home than abroad for our shoes; the fact is we now pay much less than we did before the duties were put on shoes. But supposing it to be true that we pay in this transaction £50 less in cash to the foreigner than to the Canadian, would that compensate this country for the loss of this and other manufactures, and the immense sums which are now paid to our own people? Home trade is more advantageous than foreign.

On this hear the apostle of free trade, Adam Smith:—

“The capital which is employed in purchasing in one part of the country in order to sell in another the produce of the industry of that country, generally replaces by such operation two distinct capitals that had both been employed in the agriculture or manufacture of that country, and thereby enables them to continue that employment. When both are the produce of domestic industry, it necessarily replaces by every such operation, two distinct capitals, which had both been employed in supporting productive labour, and thereby enables them to continue that support. The capital which sends Scotch manufactures to London, and brings back English manufactures and corn to Edinburgh, necessarily replaces by every such operation, two British capitals, which had both been employed in the agriculture or manufactures of Great Britain.”

“The capital employed in purchasing foreign goods for home consumption, when this purchase is made with the produce of domestic industry, replaces, too, by every such operation, two distinct capitals, but one of them only is employed in supporting domestic industry. The capital which sends British goods to Portugal, and brings back Portuguese goods to Great Britain,

replaces by every such operation only one British capital. The other is a Portuguese one. Though the returns, therefore, of the foreign trade of consumption should be as quick as those of the home trade, the capital employed in it will give but one-half the encouragement to the industry or productive labour of the country."

"A capital, therefore, employed in the home trade, will sometimes make twelve operations, or be sent out and returned twelve times, before a capital employed in the foreign trade of consumption has made one. If the capitals are equal, therefore, THE ONE WILL GIVE FOUR-AND-TWENTY TIMES more encouragement and support to THE INDUSTRY OF THE COUNTRY THAN THE OTHER."

"You might have had the entire gross value of two industries to spend and thereby also to create and sustain markets; but you are content to have the value and the market of one industry only."

M. SAY, one of the first if not the chief of the French free trade writers, maintains a similar doctrine. "*Le commerce intérieur est le plus avantageux.* Les envois et le retour de ce commerce sont nécessairement les produits du pays. *Il provoque une double production.*"

These are the admissions of the founders of the existing school of political economists, on a point of such vital importance that it affects the entire theory of free-trade; so far have the disciples of Adam Smith departed from the teachings of their master.

The entire price or gross value of every home-made article constitutes net gain, net revenue, net income to the producing nation.

Change the policy and purchase foreign with home articles

and you create only one value instead of two, and only one market for home industry instead of two. M. Say, in his *Traité d'économie politique*, analyses the price of a watch, to show how the whole of it is distributed as net income among those who have contributed to its production. He traces also the distribution of the cost of manufacturing cloth and says 'we cannot conceive of any portion of the value of the cloth which has not served to pay a revenue or income. The entire value has been so employed.'

Admitting that the home-made article would cost more than the foreign, the difference in the price will not compensate the country for the loss otherwise sustained by purchasing the foreign commodity. For example, suppose we can produce an article for \$100 and can import it for \$99, we gain one dollar, but lose \$100, which we might have had to spend by creating the value at home. Even admitting that we exchange our own manufactures for the foreign, we lose by the collapse of home industry the \$99, which we would have had in addition by producing both commodities at home. Nor can it be said, 'what the producer loses the consumer gains;' for the producer loses \$100, the consumer gains one dollar, and the country loses the markets which that superceded industry supported.

Free-traders tell us that foreign commodities are always paid for by home commodities. Suppose on this assumption that half a million dollars worth of stoves made in Toronto was exchanged annually for sugar to the value of half a million refined in Montreal, the workmen, the tradesmen, the landlords of Toronto and Montreal, enjoy an annual income of one million of dollars. But suppose now that the Canadian refineries were given up and the Toronto manufacturers should exchange their stoves with New York for half a million worth of sugar. Or

suppose free trade to be restored in sugars and the richer manufacturers in the States should combine to destroy the Canadian refineries—no unusual occurrence—and should succeed. Surely New York gains what Canada loses; Canadians have half a million less money to spend, the Americans have half a million more. Nor does the mischief end here. On the sugar refineries were dependent bakers, millers, grocers, butchers, tailors, shoemakers, with their families and servants. The population, too, dependent on the ruined refineries would probably migrate and Canada would lose both the business and the people engaged in it.

What is pointed to here as the result of the ruin of one industry might be true of fifty native industries, and the loss of fifty times half a million with all their accumulating and ever expanding benefits on the country.

When one product is exchanged for another if we have produced both we have created two such national net incomes. If we change our policy and produce only one and leave the foreigner to produce the other, though he should fairly exchange with us, we create but one national net income and sacrifice the other. We sacrifice the principal on the part of the producer to gain a percentage in favour of the consumer—we sacrifice ninety-nine dollars to gain one dollar. But where there is protection on one side and free-trade on the other, there would be few exchanges; Canada would have to pay the hard cash to foreign looms and foreign factories,—Canada would become chiefly an agricultural country. Without home markets, created by home industries, she must seek markets in foreign lands, and the cost of freight on her heavy products amounts to a large percentage of the profits. The land year after year would be exhausted by the growth of wheat

and such products as would pay the heavy transit to distant markets.

“If all countries practised free-trade, all countries would be gainers.” This assertion is taken as true, because it has been so boldly and constantly repeated.

It is possible that free-trade might have concentrated certain manufactures in favoured localities. After England had well established by protection her cotton, woollen and iron industries, it is possible she might, under free-trade, have retained them against all competition. She could, as she frequently did, destroy the infant industries of other countries by flooding their markets with goods sold at a sacrifice for that very purpose. ‘It was the duty of English manufacturers,’ Lord Brougham said, ‘to crush foreign manufactures’; ‘to strangle them in the cradle,’ as Joseph Hume, another typical liberal statesman, said.

Protective duties are not only eminently conducive but absolutely necessary to the diffusion of various industries and wealth over the surface of the globe. The firm establishment and development of manufactures in all the leading nations of the globe, as we have seen, were under protection. What support, therefore, have free-traders for the assertion that ‘all countries would be gainers by free-trade.’ It is not supported by any evidence, but is against all evidence.

The cotton and woollen industries are not indigenous to England, as oranges are to hot climates. Ploughs, and reapers and stoves, and engines, and cars, can be made in Canada as well as in England. Climate is not against these. They merely want, for their establishment, the favouring circumstances which protection gave England. The land teems with food for man and beast, but our markets are 4,000 miles away, and the

transit of agricultural products is costly. Under protection manufacturing towns spring into existence, giving a local market to the farmer, not merely for what he before sent to foreign countries, but for the numerous products of the soil, which either from being perishable or of too little value to bear the freight to distant markets, had no value. Home manufactures are furnished without the cost of transit; competition at home keeps down the price. Two capitals are employed instead of one, and with quicker and more frequent returns. Wealth is created at both ends of the exchange. Native industry supplies the necessities and comforts of life for which we before depended on foreigners. A numerous population can now be employed, fed, clothed and lodged. Industry and plenty reign. Protection wisely regulated, instead of being, as free-traders assert, a blight on industry, is a system of irrigation, diffusing industry where industry would otherwise never have existed.

Without protection in France, to her cotton, and woollen, and hardware, where would have been the industries on the banks of the Seine, of Rouen and Elboeuf? What would have become of the thriving population of Tourcoing, Roubaix, Mulhausen and St. Etienne? Manchester, Birmingham, Glasgow and Sheffield, would have prostrated all, and turned the banks of the Seine and half the thriving towns of France into a desert. England would have lost rather than gained, for the enormous purchasing power, now given France by her industries, would have been destroyed, or never existed.

What France would have been without protection Ireland now is. Before the union between England and Ireland there existed protection against English manufactures, and there were Irish linen manufacturers, Irish wool-combers, Irish carpet manu-

facturers, Irish blanket manufacturers, Irish calico-printers. These industries are now all extinct except the linen of Belfast, and that was founded and nurtured by protection, and by government grants for a long series of years.

Protection was, by the act of union, gradually withdrawn. Ireland under protection swarmed with more than eight millions of people; under free-trade she has three millions less. Ireland has certainly lost by the change of policy. Has England gained? Under protection she was one of England's best customers; under free-trade she is a pauper, dependent on English charity.

So far from protection producing monopoly, it is protection alone which can prevent the first established manufactures from enjoying an unjust and undeserved monopoly. Protection gave England security against the old established manufactures of the continent. After Russia's industries were ruined under free-trade, it was protection which secured their establishment. The wisdom of a Burleigh and Cromwell in England, of Colbert and Napoleon in France, of Peter the Great and Nesselrode in Russia, and of a Washington and Jefferson in the United States, has diffused the industrial pursuits over Europe and America. Their populations do not now merely fringe the coast, but penetrate the interior. Protection has extended the area of human industry, and given employment to the most numerous class in society—the labourers.

Pas trop gouverner. Dont over govern.

A convenient motto for an imbecile government, or for a party which has adopted, like the free-traders, an impracticable theory. Between the two extremes—over government and no government—*trop gouverner* and *laisser faire*; “it is a fine problem in legislation,” says Burke, “what the state ought to take upon itself to direct by public wisdom, and what it ought to leave with

as little interference as possible to individual exertion." Thirty to forty years ago, when Cobden was discussing the repeal of the Corn-laws, the *let alone theory* was considered by that school as the height of wisdom; the government was to be like the Hindoo gods, far removed from all sublunary affairs—in a state of eternal sleep.

The majority of every nation are young and inexperienced, and unacquainted with what the teaching of ages has taught to be wise in government. It is necessary, therefore, that governments should be ever watchful of the wants and interests of the governed. In no well organized community do governments act on the *let alone theory*. It would be easy to enumerate hundreds of instances in which governments must and do interfere by legislation. They must provide defence against external aggression; preserve internal peace; maintain ports and lighthouses; coin money; provide a uniform system of weights and measures; assume the distribution of the mail; protect public health by quarantine laws, by the prohibition of nuisances of a thousand kinds; institute and protect property and regulate its transmission; lay the corner-stone of family ties by enforcing the marriage contract; and interfere in a hundred ways to protect the helpless and inexperienced.

"To leave men to themselves to be taught by experience, is to leave them to be first ruined by the more experienced and unprincipled, and taught afterwards. How much more would this be true of women and children? The law steps in to defend the weak against the strong; and in nations the government steps in to protect the new and weak industries against the older and stronger ones of foreign countries.

The great mass of a nation—the labourers—depend on their

daily wages. The protection of their industries from destruction by an avalanche of goods from foreign factories thrown upon the country for that very purpose, is surely the duty of government. On these wages depend, and on the rate of wages hangs the weal or woe of the bulk of the people and of the nation itself. We might as well send a ship to sea without a crew, or with an inexperienced crew, as to leave a country without a wise and ever watchful care over all its interests. 'Do not under govern' would be a wiser motto.

Free-trade doctrines, instead of binding the nations of the earth together, have driven them farther apart, and protection, on a scale never before known, has been adopted by the leading commercial nations. Free-trade would, too, have disintegrated the British Empire, if the advice of the Russells, Greys, Gladstones and the Manchester school had been taken, and free-trade made the policy of the Empire. But fortunately wiser councils prevailed, and the dependencies of the Empire adopted their own fiscal policy. 'What is the good of colonies,' ask free-traders, 'Give me ships, *colonies* and commerce,' said the greatest administrative genius of modern times. While British exports are falling off to an alarming extent to all the great manufacturing countries in Europe and the United States, they are as rapidly increasing to the Colonies. 'Perish India!' exclaim free-traders; but India is now one of England's best customers.

Steam and electricity have done much to annihilate distance and bind together the distant provinces of the Empire. Steam, as an effectual means of communication by land and sea, has not existed half a century, and its effects have been marvellous in transforming villages into Manchesters and Birminghams. On the Empire with its dependencies in every part of the globe, its effects will be proportionate.

To devise a fiscal policy satisfactory to every part of this vast union of nations, may be difficult but not impossible; and it is a consummation earnestly wished for by every loyal subject. Protection, instead of destroying external trade as asserted by free-traders, might, under such a fiscal policy, increase it within the Empire, composed as it is of dependencies in every clime. The tea and coffee, the sugar and spices of tropical and sub-tropical countries, the cereals, the beef and mutton of the higher temperate zones, can all be supplied within the Empire.

Protection, free-traders tell us, adds to the cost of living. This assertion is made without qualification, and by dint of perpetual repetition is, in England especially, almost universally believed. They don't inform us that wages are higher in proportion to the cost of living; that by local markets the farmer gets better prices, and is thus given the power to buy of the merchant and manufacturer. The United States, under the highest protection which ever existed in any nation, is prosperous beyond precedent, and in all the past has been prosperous under protection, but depressed under free-trade and purely revenue tariffs; and all the highly taxed countries of Europe—Holland, France, Germany,—are prosperous under protective tariffs. Canada was depressed under comparative free-trade, and under a purely revenue tariff, but is prosperous under protection. Some taxes are a mere transfer of value from the tax-payer to the exchequer, to be distributed again to the nation; the nation at large is neither poorer nor richer for the transfer. Customs duties are in many instances paid by the foreign producer. If a mowing-machine is sold in Canada for \$100, and a similar one is imported, the importer must pay the customs duties. If a Canadian farmer takes 100 bushels of barley to the American market and sells them

for one dollar a bushel, out of this he must pay \$16 duties; but the American farmer who sells 100 bushels of barley in the same market, having no duties to pay, has \$100 as the proceeds of his load, while the Canadian has but \$84.

“Increase of exports and imports is the index of national prosperity.”

The imports into England, the country which gave birth to this dogma, are now much more rapidly increasing than her exports. Production, in some form or shape, is the only source of wealth. The superceding of home production by foreign, increases imports. If a nation buy abroad a million worth of goods which it produced before at home, the imports are increased, but that increase is the index of the loss to that amount of a home production.

That trade—the mere movement of goods—is the chief interest or industry of a nation, is assumed by nearly every English writer on this subject. “See,” say they, “our vast imports and exports, how prosperous we are.”

The celebrated petition of the merchants of London to Parliament, adopted as the clearest embodiment of free-trade doctrine, states:

1. “That foreign commerce is eminently conducive to the wealth and prosperity of the country.
2. “That freedom from restraint is calculated to give the utmost extention to foreign trade.”

To be carriers, traders pure and simple, is the one idea here advanced.

Mr. Bright, in a letter to the Chicago *Tribune* in 1867, in answer to a request for his views on free-trade, for publication in *America*, says :

“ I do not recollect any paper bearing on the question of wages. The fallacy was made great use of in our movement for the repeal of the corn laws. The real argument against it is this: Free-trade always means great trade, and great trade means a great demand for labour, and this always means and necessitates a high rate of wages. At this moment wages are higher than at any period, at least, within our recollection. It is so through all our manufacturing districts. It is so with our farm labourers. *The workmen's safety and success depend upon the extent of trade.* All the countries of Europe are tending to freedom of trade.” “ Give your decisions, but never your reasons,” was the advice of an English statesman to a judge, and no man stands more in need of this caution than the great English declaimer.

“ All the countries of Europe are tending” to greater restriction in their tariffs rather than to the relaxing of them ; and even the little favour got of France in the Cobden Treaty is sure to be lost, if we can judge from the general objections by the French workmen and French politicians to its renewal. The “ workman's safety depends upon the extent of trade,” Mr. Bright says, and yet we find that coincident with the greatest expansion of the trade is the greatest depression in the labour market. Never, we are told, within the memory of living men have so many been out of employment in England. The cause is manifest. Home industries have failed, or are declining. Even if England had the whole carrying trade of the world, the mere passage of goods upon the ocean, or touching at British ports, could not supply labour to the artizans and working men in her great industries. A Birmingham jeweller, in a recent letter, says of the jewellery sent from the southern ports of England, that most of it is German and French, merely transhipped there in British vessels. This

swells the trade of England, but does not give employment to artizans in that industry, now so greatly depressed through the vast importations of continental jewellery. Colonel Beresford, in an address, at Southwark, pointed to St. Thomas's Hospital, as a proof of what was done abroad: "The whole of the carpenter work of that great building was being made in Sweden and sent to England ready to be fixed into its proper place." Here is increased trade, but at the expense of the carpenters. The importation of iron, woollens, cottons, silks, and wares of all kinds from the Continent increases trade, but throws the English workmen out of employment. Hence the great distress in most English industries. Mr. Bright refers to the increase of wages in England as the result of free-trade. Had he looked abroad, on the Continent of Europe or to America, he would have found as great, and in most cases, greater increase of wages in countries under high protection. The truth is, the great impulse given to industry, and the demand for labour throughout the world, which followed the discoveries of gold in California and Australia, were the chief causes of the higher wages, as they were also of the expansion of trade not merely in England, as contended by free-traders, but in all the great manufacturing countries of the Old and New World. Every statement, therefore, of Mr. Bright, quoted above, is proved by existing circumstances to be the reverse of the truth, or else is credited to free-trade, when it is due to other causes.

Free-trade means great trade, and great trade great demand for labour.—This dogma is founded upon a one-sided and partial experience. The trade of Great Britain rose from £145,000,000, imports and exports, in 1848, to £697,000,000 in 1880—32 years. Yet never, we are told, from every part of England, have there been so many out of employment—one million and a-half. We

know that a large proportion of the trade of England is simply a carrying trade; and the demand for labour is at the ports and in the channels of trade: it is the labour of middlemen and carriers, and not of producers. Suppose ten million lbs. of wool and ten million bushels of wheat to be carried to England. Here is "great trade and great demand for labour," much greater than there would be if the wool were manufactured here and the wheat retained to feed the manufacturers. If the field and factory were side by side, there would be less exported products, less "demand for labour in trade," and consequently greater profit to both producers—the grower and the manufacturer. The raw material and fabricated article would approach each other in price; less being spent on middlemen in trade, the article would bring the producer a better price and reach the consumer cheaper. Illinois corn, when 63 cents per bushel in New York, has cost 54 cents in freight from Chicago, thus leaving but 9 cents to the producer. Here it takes the price of six bushels to carry one to market. Suppose the loom to be placed by the side of the plough in Illinois, where it would cost but one cent per bushel to cart the corn to the factory, the grower would get 62 cents per bushel instead of losing 54 in freight; trade would be less but profits greater. The price of one bushel would get 63 to market. Hence by placing the field and the factory side by side we diminish the profits to middlemen and increase them to the producers.

Mr. Gladstone referred, in a late speech on the *Budget*, to the increase in the imports and exports of the United Kingdom as the result of free-trade. The press [and] public men of England reiterated this sophism, not only in proof of the truth of their own theories, and of their own greater wisdom, but of the stupidity of their fathers and of their neighbours. No argument could be

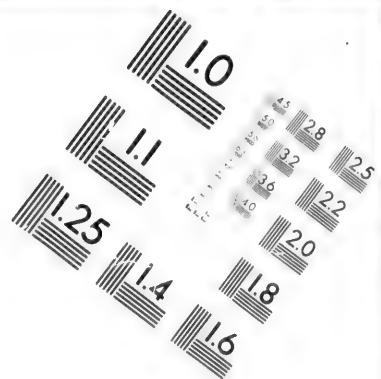
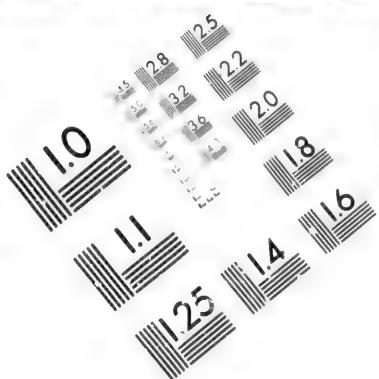
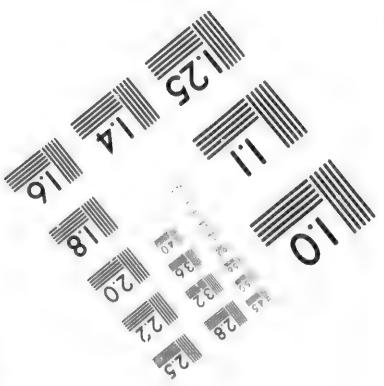
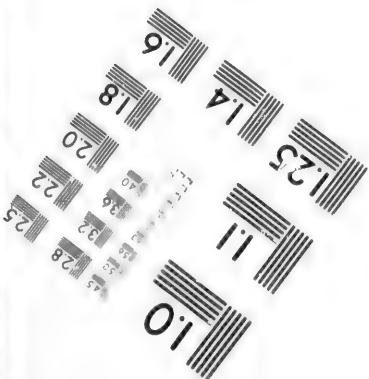
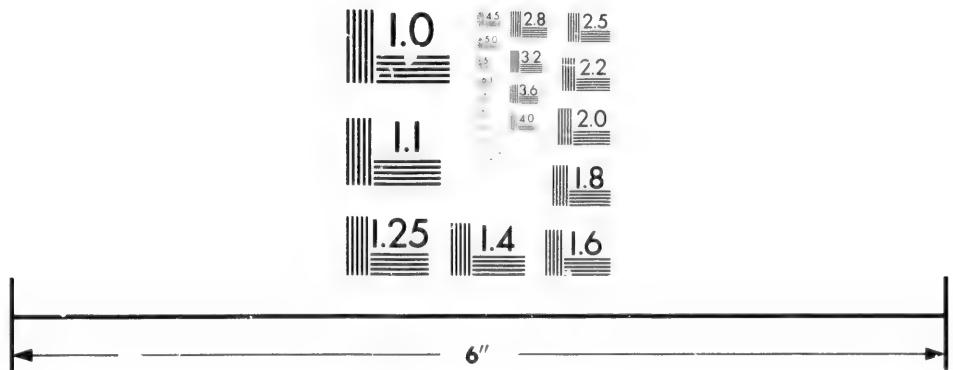


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more fallacious. Expansion of trade had followed the adoption of their free-trade policy, therefore it had been caused by it! *Cum hoc, vel post hoc, ergo propter hoc*—one occurrence follows another, and therefore is caused by it! The trade of France and of the United States increased more rapidly from 1848 to 1860 under protection than that of England under free-trade; therefore protection caused that expansion. It increased most rapidly in the United States under the highest protection; therefore, the higher the protection the more rapid the expansion of trade, according to free-trade logic.

The corn laws were repealed in 1846, but we have taken the years from 1848 to 1860 for comparison, because during the first three years (from 1846-8) there was little change in the trade of Britain; the exports actually diminishing and the imports increasing only seventeen millions during those three years as they had in the three years preceding, and, therefore, to begin the comparison with 1846, would give a result the more unfavourable to England. After 1860 the American civil war so disturbed the trade of the States as to preclude the possibility of a fair comparison. So in France, we take the period from 1849 to 1861, because, in 1848, the year of the French revolution, the imports being small, the increase to 1860 would show a result too favourable for France. We have thrown out every element which might appear unfair to free-trade England.

The imports of Great Britain in 1848 were £93,000,000; in 1860, £210,000,000; exports in the former year, £52,000,000. in the latter, £135,000,000. For the United States the figures would stand in the same years, imports, £30,000,000 and £75,000-000; exports £28,000,000 and £83,000,000. France, imports, (1849) £45,000,000, in 1861, £123,000,000; exports, £56,000,000 and £128,000,000.

It may be objected here that the increase of trade is greater in Britain, though less in percentage, as the p. c. is upon a larger principal so to call it. We may merely reply that the increase of the trade of Britain has been even greater in percentage on a great than it was on a small commerce. This principle is found true in the accumulation of private fortunes; a millionaire's percentage is greater than when he was a poor man. Nothing succeeds like success.

The increase on both imports and exports would thus stand:

For Britain.....	4.85.
For France.....	4.96.
For United States.....	4.98.

Here the increase in the trade does not differ much in these three great nations, yet is greater in the protected countries. Greater trade instead of being a proof of prosperity, may be the reverse. If English crops were to fail, and she were to import £50,000,000 worth of breadstuffs, this would add fifty millions to her trade; but would be proof of fifty millions deficiency in her ordinary productions. It would not be an index of her prosperity, but of her want. Again, the Continent can undersell England in many of her great industries. Hence we are informed that England is becoming an exporting country for the raw material. In woollens, silks, lace, and iron, from the fine cutlery to the ponderous railway engines; in jewellery, in paper, in glass, in carpenters' work for her ordinary buildings, &c., the foreigner undersells the Englishman in his own market. Now, while the raw material is being sent abroad to be manufactured, with the coal to blow the furnaces and the breadstuffs to feed the operatives, there would be a vast increase of trade, and a proof, not of a country's prosperity, but of the annihilation of hundreds of

millions in productive industry, the ruin of some of her chief sources of wealth, and with these the ruin or expatriation of millions of her people.

The two great elements in the expansion of trade are the discoveries of gold in 1848 (the very year that the trade of England began to expand most,) and the vast, almost illimitable developement of steam power. England's protection to her industries and shipping prior to 1846 was almost a complete exclusion of all rivals; and her superiority since, till a recent date, has been as effectual an exclusion of competition as her old protection. English trade expands. She has the run of the business. A nation as a trader in this advanced position has the advantage of her rivals. The Manchester cosmopolitan philosophy is the philosophy of the tyrant traders of the earth. It is the necessary creed of a nation holding the almost universal dominion in trade. She had become not so much a competitor as a monopolist. Circumstances are modifying that philosophy as to England's home industries. It may be a wise policy for her commerce while she possesses the carrying trade of the world; indeed, with her vast mercantile marine and her surplus capital, freedom in trade, at all events, is a necessity to her.

Traffic, commerce, is the passion of the age. Our farming youth leave the ancestral fields for the more exciting pursuits of trade. The boy drops his hoe and hies to the nearest town. From retail to wholesale; from inland trade to ocean commerce; to buy and sell 'on 'change; to do business on the great waters; to make and lose fortunes in a day; are more exhilarating than the humdrum of the field or the factory. So with nations. England has run mad with trade. This to her seems the great source of wealth. Every other interest must bend

to it. The more expanded the commerce the more exciting; foreign more than domestic; ocean more than inland.

So thought Tyre, Carthage, Alexandria, Venice, and Genoa, and when adverse winds or wars swept their commerce away they had no home industries to fall back upon; they were like the house built upon the shifting sands; or if these antiquated examples have lost their force, Portugal and Spain, in their brilliant yet short-lived empires, teach the same lesson. They trusted too exclusively to commerce; their fortunes were on the seas, and they sank as they rose. England, that grew rich by agriculture and manufactures, now concentrates her energies upon commerce, and neglects too much her home industries. All her calculations are built upon the sea, upon the assumptions that lured those renowned maritime states to ruin—that they would still be mistress of the seas; or upon the delusive hope of the peace-at-any-price party, that nations will know war no more. Her energies are wasted in being mere carriers instead of producers. Trade has become the mistress when it should be but the handmaid of the nation. It is the god of Britain. It has an undue, an unhealthy prominence, and is, we believe, one of the active causes of the wide-spread distress there now, and a danger of national calamity in the future. We say a cause of the present distress, for by her great facilities for transit she can, and does, bring to her own shores the cheaper goods from countries where the artificers live at a lower standard; in other words, sink nearer to barbarism, and swamps her own manufactures by an avalanche of foreign products, thus annihilating her own industries. She is fostering a monster commerce at the expense of those home interests which, although less alluring and less exciting, give more employment to the masses, and are surer foundations of permanent prosperity.

This is one of those vicious principles at the foundation of a national policy which, sooner or later, is sure to work a national calamity. The symptoms are already felt; they have shaken the fabric, but are unheeded.

Protection is a monopoly to benefit the few at the expense of the many.

If others refuse to buy of you, do you mend matters by refusing to buy of them?

We place these two sophisms together, as the same facts will serve as an answer to both.

“Protection a monopoly.” No; for none are restrained from entering upon any pursuit. A monopoly is the sole power of dealing with a country or market, or in any species of goods. This word, therefore, used in reference to our manufactures, is a misnomer. The Hudson Bay and East India Companies were monopolies. The navigation laws of England of 1651 and 1763 gave her the monopoly of trade even against her own colonies. The government alone can carry the mail. A patent or copyright gives to the authors an *exclusive* right. These are monopolies, the one to companies or persons, the other to a government.

We ask protection to our industries from the injuries inflicted by job goods, from the desperate necessities of foreign traders, who must, at times, get rid of their wares at any price, and from the premeditated designs of older and stronger manufacturers of one country to crush the infant and weaker ones of another.

Duties which would protect us against such wrongs, cannot be called a monopoly, no. retaliation, nor the refusing to buy of those who put prohibitory duties on our products. Our low tariff, or none at all, smooths their road in working us this wrong.

The free-trader here forgets that every penny collected at the

ports is a penny lifted from direct taxes. The burden is taken off our home industries and put upon the foreign. The native mill moves easier. There is less friction in the factory, for a great weight in direct taxes has been removed. Every product in the land, and the land itself, is worth more. The tax, too, is paid so much easier. It has not to be given in the lump; and the great mass of the people have little forethought to lay up for pay-day. With customs dues, pay-day is every day in the year. It is given in pennies and half-pennies as each little purchase is made.

A printer and publisher in Canada, was, a few years since, asked by the trade here to issue a school book at a lower price than the American publisher, \$7.50 per dozen. He promised to give it for \$5.00, and struck off 10,000 copies upon the assurance that they would be taken. The American publisher, on being informed of this, immediately flooded the market with his books for \$4.00 per dozen. The Canadian house would have been ruined had it not been able to hold on to the copies. Finally, the American, finding that he could get better prices in the States, stopped his sales here, and the Canadian house has since had command of the market at the reduced price. Had this home industry been destroyed, the foreigner would have had control of the market, and put his books again at \$7.50 per dozen, or higher. Instead of an advantage, according to free-trade dogmatists, to this country, from the introduction of these books, either free or at a low tariff, there would have been the reverse—ruin to a most important business, and the capital, artizans and labourers engaged in it, driven from the country.

Again, a manufacturer in one of the many branches of the iron trade in Canada, informed us that, meeting with commercial travellers from south of the lines taking orders on terms which

appeared to be ruinous, he inquired of them how they could put their wares so low ; they told him that they could not afford it, but hoped, by driving out competition, to have the market again all to themselves. By a sufficient duty, which need not be immoderate, such schemes would be frustrated and this illegitimate trade checked.

We have fully shown in other parts of this work that protection, where it has been steadily adhered to, has cheapened products, introduced capital, multiplied production, opened up home markets, and by the many other benefits to the entire community, following in the train of manufactures and commerce, so far from being a monopoly, in the sophistical language of free-traders, to benefit the few at the expense of the many, is a most simple and powerful means of developing the resources and multiplying the productive agencies of the country ; of cheapening, by increasing supplies, while it adds to the ability of the purchaser to buy. It is Minerva presiding over and patronizing the arts. It is by protection, by care, that every fruit of the field has been made what it is, and every art, fine and industrial, has attained excellence.

In the discussion on the tariff, April 1870, Mr. Lawrence, of Ohio, quoted the prices at which woollen goods were sold in 1859-60 under comparative free-trade and in 1869-70 under protection. They show that woollens were cheaper in 1870 under high protective duties than they were ten years before under low *revenue* duties.

“ Before the war, says Mr. L., our tariff on wool was so low that wool-growing was almost abandoned. The importers, having a monopoly of the market, controlled prices. But the great demand for army goods during the war stimulated the production of wool ; and in 1867 our flocks had enormously increased. To

prevent the destruction of this great branch of industry, the wool tariff of 1867 was enacted. The result is, we are furnishing to the people of this country cheap woollen goods. If the tariff were removed two effects would follow: 1st, we would annihilate the wool-growing interest of our country, producing more than \$60,000,000 worth of wool yearly; 2nd, we should give the foreign producer the control of the market. We should export \$60,000,000 in gold to buy wool which we ought to produce."

Here are cheap goods with home industries encouraged. Our finance ministers were formerly afraid to even say that they would favour any of the industrial pursuits of the country.

Free-traders ask why should not agriculture require protection as well as manufactures? The country is adapted to it. Then let all engage in farming and keep out of manufacturing.

Freights on the products of the farm are a prohibitory tariff. The Illinois and Iowa farmer gives six bushels of corn to get one to the New York market. New York and New England do not require protection against the corn of the west, superior as that country is for the production of this cereal. And it is just because the west has no manufactures that she sacrifices six bushels in freight to get one to market. Here is great trade and little profit. I think it is Horace Greeley who tells this story of western markets: "I visited, he says, a few years ago, Iowa City, lying about fifty miles from the Mississippi, with which it was connected by rail. The streets were thronged with farmers, each with a wagon load of corn, which they were trying to sell for fifteen cents per bushel (shelled), the pay the vilest shinplasters ever fabricated." Corn was then worth six times this in New York, and more in old England. But the cost of transit by rail would have eaten up the gross proceeds.

But the manufacturers of England and France can send to Montreal twenty shillings' worth of their fine fabrics for sixpence. The average cost is ten or twelve per cent. on the price, and less if in sailing vessels, in which we send our heavy products. We cannot ship to Europe in return any of our coarse grains or root crops. If it takes the price of six bushels of corn to get one from Illinois to New York, how many heads of cabbages, or bushels of mangel-wurzel, or beets or carrots, &c., would the farmer have to give to pay the freight of one to Manchester?—and it is water all the way, the cheapest transit. Hence the shallow logic of English free-traders, that because they admit our products free, (which they don't) therefore we should admit theirs free.

The reason the Canadian farmer requires little protection is the same that a limestone quarry and clay for bricks do not need it—the cost of transit; because, also, farming does not demand much capital to begin with, but manufactures require both heavy capital and skilled labour. Our land will be occupied, for it requires only a strong arm, and it is just because we wish to give the farmer the best return for his labour that we advocate the establishing of manufactures. We wish to see Canadian farmers situated like the English, with the factory in their midst, with 15,000,000 mouths to feed, to hear the ring of the anvil, and the busy hum of the mill, and see the smoke of the glowing furnace. The English farmer has now an immense advantage over the Canadian. 1st, In his market being by his side; ours 4,000 miles away. The only reason that we export so much to the States is that it will not bear the transit to Europe. 2nd, The English farmer can supply his various wants at the lowest price from the work shops around him; we must pay, in addition, all the costs and charges thither. The English free-trader would keep us in this position, reaping only the profits of the rudest labour.

Even if the foreign goods should be paid for by home products there is still the loss to the country of all the benefits which would flow to it from the production of those goods. Canada makes a million worth of boots and shoes. If, through free-trade, foreign made shoes should supersede the home made, Canada would import a million worth more than now. The Canadian shoemaker would be ruined. The expenditure in Canada to the amount of a million would be gone. The annual product of the labour of the country is diminished to the extent of a million, and all the benefits of the distribution of that sum would be lost to the country. If England has to import £50,000,000 sterling worth of breadstuffs in consequence of the failure of her crops, her imports would be increased by fifty millions, but this would represent fifty millions deficiency in home products. The most prosperous of all nations for half a century has been the United States, yet her imports and exports vary little over that period; but she has supplied her increasing home consumption. It is this unregistered home consumption, doubling and quadrupling over and over again, which has contributed largely to this unexampled prosperity.

“All commodities should be rendered as cheap as possible.”

One kind of cheapness is when but little money is paid for a thing;—this is cheapness measured by its money value. This kind of cheapness may be brought about by the abundance of other commodities when compared with the precious metals, or by the scarcity of the precious metals. When Dr. Johnson was told that several eggs could be bought in the Hebrides for a penny. ‘It is not’ he said ‘that eggs are plenty, but pennies are scarce.’ After the discovery of gold in Australia and California, things became dear from the increased quantity of gold put into circula-

tion. There followed a great expansion of trade in consequence of the increased quantity of precious metals and their depreciation. If labourers had to pay more for everything they bought, they gained much more than they lost by the additional demand for labour and higher wages.

Cheapness may also mean a low value measured in other commodities. Some goods may be cheap measured by others; but all cannot be cheap. The cheaper you make some, the dearer you make others by that very process. Cheapness of all commodities in this second sense, is impossible; it is a contradiction in terms.

A third sort of cheapness—that produced by low wages—is a suicidal cheapness—the cheapness of shirts produced by poor needle-women at four pence a dozen. The cheaper things are from this cause the dearer they are to the labourer. The more the incomes of the working classes fall off, and the more surely you ruin the largest and best of all customers—the labouring classes, because, being so much the most numerous, their expenditure is the greater.

If, instead of manufacturing commodities for which the country is adapted, we buy them of foreigners, we take away the power of the working classes to buy. When such goods, made by labourers worse fed, worse lodged, worse clothed than our own, are introduced into our market, they bring with them this ruinous cheapness. They throw our own people out of employment and take from them the power to buy. If cottons were a peany a yard and flour a dollar a barrel, what use would they be to the labourer who could not get work; but if cottons were a shilling a yard and flour ten dollars a barrel, and the labourer should get two dollars a day, five days labour would pay for a barrel of flour

or fifty yards of cotton. To say a country should be made a cheap country to live in is meaningless. To give the farmer good prices, and the labourer good wages, is to give him the power to buy; it is to give, not only the manufacturer, but all classes, a market for their goods.

A fourth sort of cheapness is the low value measured by the labour necessary to produce a thing. This would be a gain to all classes. Steam, instead of human hands, produces this cheapness. On virgin fertile soils wheat can be produced cheaper than on impoverished lands.

For the benefit of the masses, it is not enough to make things cheap even in the best sense of the word. What is wanted is to make them accessible, attainable by the multitude; for to make things cheap is not necessarily to make them accessible as we have seen above. What the masses want is the means of purchase. The only means of purchase which they have are their wages. Plenty, even if dearer, accessible to all, is better than cheapness for the benefit of a few. The study of every government, in order to produce plenty widely diffused, should be to give full employment to the people in the various productive industries of the state.

The production of articles at home which can be made or grown cheaper abroad, even though it should not produce cheapness, promotes the employment of the people, gives them the means to purchase, produces plenty; but the opposite policy, even under the most favourable circumstances, though it should create cheapness, destroys the means to purchase and brings with it widespread distress. Adam Smith, the father of modern economic science, declares 'that foreign production, compared with domestic,

gives but one half the encouragement to the native industry of the country.

“Free importation is the source of plenty; protection of scarcity.”

One sort of plenty is where there is more than individual consumers can buy and pay for. Where one-sided free-trade floods the market with goods when the starving population have not the means of purchase. Protection would have given work, and work, the means of paying for the necessities of life; but one-sided free-trade has destroyed home industries, left the masses without work and without the means to buy. Ireland, and thousands in England, are in this condition to-day. They have not the power to purchase food and clothing. This is a modern illustration of the old fable of Tantalus, bound, perishing from hunger and thirst with food and water before him, but beyond his reach. Protection would seem to be the remedy for the woes of Ireland. For under protection she had numerous manufactures which have perished under free-trade: under protection Ireland swarmed with a population of more than eight millions of people and was one of England’s best customers: under free-trade she has barely five millions and is a pauper dependent on English alms.

Change this policy to one where the masses have the means of purchase and it becomes a different kind of plenty—one that is made come-at-able by the power to purchase given by employment. It is the duty of governments to provide this kind of plenty, by protection to home industry. It gives employment and employment brings with it the means to buy.

The operatives in England at the present day understand this subject better than the movers and debaters on the corn law league did in 1846, and probably better than the Brights, Greys, and

Gladstones of the present day do, for the latter have floated down the stream of time covered with the barnacles and weeds of the muddy waters of those times, while the artizans and labourers have learned wisdom by experience.

With the incidents of the Reform bill of 1832 fresh in their minds, men were accustomed to say that the franchise then granted could never be revoked ; they therefore argued that the nation could never return to protection. But to go back from political privileges once granted, is a very different thing from changing a policy on economic questions. Russia, and Holland, and Germany and the United States, have returned to a protective policy after having adopted free-trade, and the United States frequently reversed her policy.

Again the effects produced by parliamentary reform are apparent only after long periods of time, and even then it is difficult to decide what changes are really due to such reforms ; but the changes produced by such a revolution in commercial policy as the adoption of free-trade for protection are soon apparently felt by millions of the nation.

And why should free-trade become the permanent policy of one nation ; it is not a truth, but a mere policy, wise or unwise according to circumstances.

Under protection to home industries labour is in better demand and men find more constant employment.

Wages being higher in England than on the continent and higher in the new than in the old world, it is in the interest of the labourer that his wages should not be brought down by unfair competition with the worse paid labour. The English labourer is better paid, and better lodged, better clothed and better fed, than the French, Germans, Russians, or Italians. In the United States

and Canada, in all these respects, the labourer is better off than even the English ; and protection against the poorer paid labour is the duty of government, till, at least, our infant industries get a footing. To make things cheap is not necessarily to make them accessible to the poor. The reverse is under certain circumstances true—that the cheaper things are the more inaccessible to the poor they become.

Even if it were true that under protection prices are higher, yet wages increase faster, and more than the price of articles, and the labourer is better off. But in the absence of home industries, the demand for labour becoming circumscribed, wages are reduced ; reduction of wages tend to a decrease of production and a further decrease in the demand for labour ; the cheaper things are in such a state the more inaccessible they become to the poor.

“Don’t tax the nation for the benefit of a producing class. Take care of the consumer and let the producer take care of himself.”

Communities under protection adopt a policy the opposite of this. They protect the producer ; and as a nation can have no more value than it produces ; this is a wise policy. The object of protection is to develop the producing forces of a nation. These producing forces are the men, the land, the mines, the machinery, the water power, the steam, &c. The gain from protecting the producing forces will be immense—it will bring plenty and a cheapness which will benefit the labourer, for it brings the power to purchase.

So reasoned Cromwell, and Chatham, and Walpole, and Burke in England, Peter the Great in Russia, Colbert and Napoleon in France, Washington and Jefferson in America, and

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to this day France, Belgium, Russia, Germany, the United States, and now Canada, are reaping the advantages of such a policy.

Every increase of domestic production is an addition of so much wealth and so much of the means of purchase; any diminution of domestic production is a subtraction of so much wealth and of so much of the means of purchase.

When we produce within our own dominions what we formerly imported from abroad, our labour, our land, our capital produce what they otherwise would not have produced. In addition to producing the articles, which we used to buy the foreign products, we now have the whole value of the new domestic product. We have developed a new producing power which otherwise would have been stifled and smothered by foreign imports. By a sacrifice it may be of one per cent. the nation has gained ninety-nine.

That the more a nation produces the richer it becomes, is a self-evident proposition. *Ex nihilo nihil fit.* Any increase of domestic production is an addition of so much wealth; any diminution of domestic production is a subtraction of so much wealth. Protection secures such increase of production.

Free traders marshal the nation into two hostile camps, producers and consumers. Not only is every producer a consumer but there is not a consumer who is not either a producer or else lives out of the income of a producer. The landlord, the professional man, the freeholder, the public servant, the mortgagee, all are paid from the profits of producers. The producer, especially the weak producer, in young countries, should be protected against the stronger manufacturers of old countries.

If we produce at home what we before imported from abroad,

the consumers, if they were to lose at all, might lose one per cent. but the producers gain 100, and the nation 99.

Most of the taxes are thrown on the foreign producer; and to assume that the trifling tax paid by the consumers would continue for ever is a gratuitous assumption. By developing our own industrial forces and concentrating them on what the country is adapted to manufacture, and our soil and climate and people are fit for or may become fit for, home competition will bring down prices.

The London *Times* once called free-trade the "noblest truth that had ever dawned on political science;" and in the *Saturday Review* (London) "unsound writers (protectionists) on economic questions" are called "crazy, or muddled, like those who propound objections to the established principles of mathematics, astronomy, optics or gravitation." "If political economy be a science," the *Review* continues, "it is as impossible for a competent economist to believe in profitable protection as for a mathematician to believe in any short-hand method of squaring the circle, &c."

If free trade, as propounded by the great movers and leaders of this school, were, indeed, a truth or established principle, then it should be universally adopted and everywhere acted upon, as men act upon the law of "gravitation," and, by so acting, give the best proof of their belief in it. The apple falls to the ground under the influence of that law which draws all bodies to the centre of gravitation. Money at interest begets money. But this Manchester idea—bred of the loom and the spindle of an exceptional and artificial state of society—is not a truth; it is a mere policy, wise or unwise, according to circumstances, but still a pol-

icy smelling of the shop alone, to be adopted or not as interest may dictate; a policy of local and precarious application.

Free trade is the progeny of two unpropitious summers. In 1845 the harvest in England was bad; in 1846 still worse. Bread-stuffs being dear, people spent more for food and less for manufactures. The remedy seemed obvious; the repeal of the corn laws would give cheaper food; the opening of foreign markets greater demand for English wares; and both an increase of trade. And what was true of Manchester, so it appeared to them, was true of all the world. England thought then that she could beat the world in manufactures, and therefore she could safely throw open her ports to unrestricted competition. With all the advantages with which she began the race, one-third of a century has sobered her; she is to-day undersold by foreigners in her own markets and in her own specialties; and that which appeared a *truth* in 1846, is in 1882 becoming a *policy* to be modified or rejected.

But England has never, herself, adopted free trade. She imposes £20,000,000 sterling annually, at British ports, upon foreign products, before she will admit them to British markets. And as soon as India became a part of the empire, to be ruled from Westminster, it was surrounded by custom houses, and even British goods had to pay duty at its ports. This *policy* was adopted, too, by a free trader (Mr. Laing) who was sent there as its finance minister, because he was an advanced disciple of this school. But the necessities of the India Exchequer obliged him to lay aside this "great truth," and to collect, as he informs us, his revenue from customs dues. But the free trader will tell us that this setting aside his principles in India and in England from the necessities of the Exchequer, is not a negation or repudiation

of his favourite truth ; it is merely modifying or keeping it in abeyance because of a pressing necessity. Why, then, call it free trade ? It is by this confession admitted to be not a truth, but a policy to be ignored or modified as interest or convenience may dictate. And if free trade has never been acted upon—and it cannot be shown that it is possible for any nation but the barbarous or the poor to adopt it—on what ground can it be called a truth, much less the noblest truth that has dawned on political science ? England, perhaps, does not now legislate to favour her manufactures, yet her laws and customs dues do this in one way or another to a hundred industries, and her trade is only less burdened than that of Russia and the United States.

When Mr. Gladstone, an out-and-out free trader, in *theory*, was called upon, while finance minister, by the free traders of Liverpool, to throw off the shilling duty on corn instead of reducing the income tax,—for, they said, to retain the duty on corn was inconsistent with free trade, which they were supposed to have adopted—his answer was a very remarkable one for a scholar of Cobden and Bright, though it would have been perfectly natural had he been a protectionist, or, like ourselves, a believer in free trade and protection, not as immutable truths, but as policies, wise or unwise, according to circumstances. Gentlemen, said Mr. Gladstone, free trade in *theory*, no doubt, is right, but have mercy on us while in office.

Here, as in India, the finance ministers, free traders in both cases, ignore the very existence of those beautiful truths of their theory, because they must have a certain sum of money, and can get it no other way. When foreign products go upon British markets burdened by British legislation with one hundred millions of dollars annually, it would be an insult to tell us that her trade

is free ; if it be free there, so it is the world over. But the one hundred millions of dollars collected at her ports on the products of foreign lands are not merely customs dues ; they are a protection to her fields, forests and factories. If British statesmen would merit the generous name they covet, let them first do the deed which would entitle them to it. At present they place this burden of one hundred millions of dollars on foreign industry where it suits their own interests. They don't remove it ; and if trade be free there, so is it the world over.

If protection to the looms and mills of Holland against the surrounding states of Europe made her the great hive of industry, made her prosperous and wealthy ; if a similar policy produced similar effects successively in Old and New England, so, we believe, will it work the same change in Canada. The free trader must admit this much—that these countries have, under high protection, outstripped their neighbours in the race of prosperity.

The Australian colonies have given us the best comment, by practical men, upon free trade and protection as policies and not truths. In New Zealand and Tasmania, each under a single government having command of the entire coast, the revenues are made up chiefly by customs. There could here be no rival trade, and no loss of trade as there would be in England, by any burden on the imports. In South Australia, also, the chief port being isolated, and not capable of being used as an *entrepot* of trade with other parts of Australia, *ad valorem* duties are imposed. The case of New South Wales is entirely different. Sydney, the chief port, possesses a large trade with the interior, for which there is a sharp competition. Sydney has also a coasting trade, to which the same remark applies. Business men saw that a tariff and protection would bring diminished trade, and they voted

against them. In Victoria, again, protection is as popular as free trade is in the sister colony. In these countries free trade and protection are treated as policies and not truths. But even New South Wales has alternately adopted free trade and protection.

England is in the same condition as New South Wales. Her ports are *emporium*, store-houses of goods *in transitu* for all the world. Customs, and, indeed, any restrictions, would cause diminished trade; and is not trade the sole interest of a nation, according to this theoretical school? Hence, these ports are, or ought to be, free ports.

The United States and the German Zollverein have free trade within, but protection against the outer world. They so adjust their tariff that, with a revenue, they protect their home industries. Here is a double policy, protection and free trade, and not the adoption of either as a truth. The United States, we believe, are neutralizing the good effects of their protection to home industries by taxing the raw material and putting an excise duty on the manufactured article in a thousand forms. But this is their folly, and is a corollary of free trade sophisms, for they tell us trade should be free and revenue raised from a property and income tax. We say revenue should come chiefly from customs.

A military camp which allows freedom of motion within, throws around it a cordon of posts and puts restrictions upon ingress from without. The motive is obvious. There are other and greater interests at stake than freedom of motion into and out of the camp. So in a nation—trade, although the one idea of a free trader, is not the only thing of importance. There are other and greater interests which protection fosters. We have shown

how the finance ministers of England and India, themselves free traders, failed in their attempts to act upon their theories when brought face to face with the great living wants of a nation. Their sophism, beautiful to these transcendental philosophers, would not stand the test of experience. These finance ministers, with their heads cleared of the fogs of Birmingham and Manchester, found that there were other and higher interests in a state than those of the shop, to which their dogmas must bend—interests affecting the very foundations of the state, and which those impracticable theories would speedily undermine. But the free trader will listen to none of these things. To be spinners and weavers for mankind is, in his opinion, the great mission of a nation. Trade is the one idea that fills the mind, the sixpence near the eye which shuts out the light of the sun. He sees nothing beyond his own narrow horizon. The integrity of the empire and the very existence of the government may stand in uncompromising opposition to his theories; he yields nothing—so much the worse for those mighty interests—*tant pis pour les faits*—if they oppose his theories.

That *protected manufactures are sickly* is a corollary of the Manchester School, and not a deduction from facts, but is so frequently and so constantly reiterated that we may here condense the references to the facts which we have adduced as a complete refutation of it.

The condition of manufactures in England under free trade and on the continent and in the United States, under protection, not only confutes this dogma, but establishes the reverse, that manufactures under free trade are sickly, and under protection healthy. Important industries in England are, as we have shown, some sickly and some dead, while those on the Continent under

high protection are healthy and vigorous to such an extent as to supplant those to the north of the Channel. Those manufactures introduced into England two centuries ago, and fostered through their entire history by the most rigorous and persistent protection, got a firm footing upon the soil, and flourished under that policy, but have withered under free trade. As we have pointed out, the great iron works of England, machine making, shipbuilding on the Thames, the woollens of Bradford, the silk and lace of Spitalfields and Coventry, the glove, and paper, many of these the greatest glory of English industry, are now either living a sickly life under the blighting air of free trade or have silently withdrawn to find a home under protection. The manufactures of Ireland had already run a similar course—healthy under protection but perishing under free trade. In Belgium, in France, in Germany, in Russia, those same interests, so far from being sickly, have attained an excellence and a cheapness which enable them to bear the transit to England and break down some of the great industries of that country.

This is one of those high-sounding platitudes so pompously enunciated by this theoretical school. They have no proof to support their dogma; nor would it be consistent with their entire proceedings if they relied on facts. Bold assertion won the battle in 1846. By a parity of reasoning we could prove that Canada would produce the finest palms and figs. It is true they never grew here; but that is just the reason that it is a fair field for a free trader's logic. Reasoning would end if we had the facts; the skill of these theorists is shown where the facts are against them. The depressed state of the woollen trade at Bradford in England and its flourishing condition at Roubais in France under high protection, has attracted the attention of that great interest in England, and large meetings in the woollen centres have dis-

cussed this anomaly in free trade. Apart from all theories, every body can understand the immense advantage the French possess in having the English market as well as their own; while the English have access to France only under a heavy tariff. The Americans, too, have their own and English markets—two to our one.

Each country should confine itself to what it can produce best, is another free trade sophism so stated as to give us but half the truth. How are we to know what we can produce best without experiment? Manufactures are of no climate. They do not exist naturally in any country. Protection has been their foster-mother in all countries. It was only by experiment that we found out that we could grow wheat or any of the cereals, grains or grasses, or root crops, or flax or hemp; that the sheep, the ox and the horse would thrive here; that we had oil and salt springs, peat beds and valuable minerals.

It may be true that neither Canada nor England ought to attempt to compete with Italy in growing oranges, or with the Indies in spices; nor the Indies with Canada in producing ice. Here nature would be against them. This let-alone doctrine, would have left England and Scotland without any of their great industries, and even without their most valuable agricultural products. It is only about one hundred years since a wheat field was an object of great curiosity north of the Tweed. All plants in England, says Forbes, are German. Certainly most cultivated ones are. Their diffusion over the British Islands is due to great care and superior cultivation. Up to 1770, says Whitley in his prize essay, (R. Ag. So.,) very little wheat was grown at Edinburgh; now it grows north to Murray Frith, (lat. 58°). These plants were fostered there, and not let alone; just as Indian corn in

America has by care adapted itself to the shortened summers of high latitudes. England, by care and not by *laissez faire*, has been made what she is. It has not been by letting alone but by taking care, by protecting where necessary, that every industry, every product of the field and factory, and every domestic animal, have become what they are and been introduced and established in every civilized country. The infant may become a giant if protected in its helplessness, but protection it must have.

And what a pity that England was ignorant of this new-born philosophy in the days of the Plantagenets or even down to the last of the Stuarts, for she might have continued to "confine herself to what she could then do best," and have been still tillers of the soil, importing her manufactured wares from the continent and sending her raw materials thither. Holland and the low countries, Gaul and Germany, if they had had a Cobden and a Bright to teach them, might have brought all their fabrics from Italy and the Mediterranean, as these countries had theirs from Greece, and Greece from Phoenicia and Egypt, long before Hellenic heroes constructed the wooden horse under the walls of Troy. God made man upright, and had he not since found out many inventions Europe might, at this day, be in the primitive state in which she doubtless was when Tubal-Cain, or some other ancient "cunning worker," was making his first wicked inventions, and America might still have been a vast hunting ground. But our practical forefathers planted the seeds of manufactures and fostered them by protection, and the tree has spread far and wide her fruitful branches.

How unfortunate for England that a century and a-half ago some unreasoning Cobden of unadorned eloquence, or some declamatory Bright innocent of history, had not arisen to teach her

this doctrine. How sad the change! Macaulay says that the mass of the wealth in the shops and warehouses of London exceeds by five hundred fold that which the whole island contained in the days of the Plantagenets.

At the beginning of the eighteenth century the value of the products of the farm in England far exceeded the value of all other fruits of human industry. Yet agriculture was in a rude and imperfect state, only one-half of the land was cultivated, the remainder being moor, forest and fen. Something of the state of England may be inferred from the fact that Queen Anne, at the beginning of the eighteenth century, saw 500 wild deer on her way from London to Portsmouth, and this in the best cultivated part of the kingdom. The whole quantity of wheat, rye, barley, oats and beans, was then less than 10,000,000 quarters; the annual produce of wheat was not more than 2,000,000 quarters. Now it is seven times that. Yet, with the vast improvement in agriculture and the additional one-half of the land brought under tillage, the soil is now the least of the three great sources of wealth, so marvellous has been the development of manufactures and commerce. Within the period not exceeding two long lives, the revenues of the kingdom have increased from £1,400,000 to £70,000,000—fifty-fold. (See Macaulay's *Hist. Eng.*, vol. 1.)

Buy in the cheapest market. Free-traders never ask what is the cheapest market for a nation. If every man were born with £500 a year; if we produced gold and nothing but gold, or if every product of the garden and field could be readily turned into gold at the highest price, we would, no doubt, buy where we could get the greatest amount of the required commodity for the least quantity of gold; but even then it would be better to support our own industries.

But gold is not our staple, nor can we get it for a great majority of the products of our fields. If a pedlar were to pass through the agricultural parts of Canada with fabrics or wares of the loom or factory for sale, he would be met in nine cases out of ten with the statement: we cannot buy, we have no money. But were he to reply, I will take your cabbages at 10 cents a head, or potatoes at 2s. 6d., or beets and carrots at 2s., or turnips at 1s. 3d., per bushel, or lettuce or green peas or beans, &c.; or if, were he to add, not expecting a demand for these articles, you have none this year, I will take them next year, the pedlar will find a ready market; for to exchange such products for manufactures would be the cheapest for the farmer, although too dear for him if the purchase were to be in gold. Now, let factories, with their thousand mouths to feed, take the place of the pedlar near the farm, and create a market for the gardener and the agriculturist; these latter will then have the power to buy in what to them would be the cheapest market, although it might in gold be the dearest.

The time has been in the early settlements of Canada when wheat was a York shilling a bushel at the head of Lake Ontario. Manufactures give not only home but steady markets. Every farmer feels the necessity of these, and knows their vast importance. Foreign markets are uncertain; home markets are more steady.

“Buy in the cheapest market.” If every body had a fortune in ready money, this might be a correct way of stating the case. But under the circumstances in which 999 out of 1,000 are placed, these words express a meaningless platitude. The moneyed man who goes abroad to buy is in the same position as the absentee landlord. He walks around his struggling

countrymen, to a foreign market, leaving them to bear the burdens of their country. Here the free-trader states but half the question and states it falsely; for men who state it thus are thinking of the gold value of what they buy. What then is our cheapest market, or rather how can we get a market where we can buy the greatest quantity of the needed articles for the least amount of our products? Inland, I find a farmer with 10,000 heads of cabbages, 1,000 bushels of turnips, 1,000 of beets, and carrots, celery, lettuce, and other products, too cumbersome or too perishable to be sent to a foreign market. What will he do with them? If he had a Manchester or Birmingham near him he could get high prices for all these. As it is he gets nothing. To him the cheapest market would be the one which would give him the greatest quantity of the required goods in exchange for his products. Manufactures would create that demand at his own door. This would give him the power to purchase the necessaries and even luxuries which he cannot produce. The free-trader's cheap market does not exist for our farmers. We must first give him good value for his products, and we thus give him the power to buy.

We have vast forests of the most valuable wood, which in England or on the continent would be of immense value. With us, especially in the new districts, it is a nuisance, and millions of cords are burnt to get rid of it. Give the possessors of this timber a market by establishing manufactures, and you give them the power to buy. That market, where they could exchange their wood to supply their wants, would be the cheapest for them. Suppose manufactures were established in every township in Canada, or furnaces opened for smelting the metals with which our country abounds, the wood now an encumbrance, would have a good market value, of at least \$20 to \$40 an acre.

Many a man in Canada has copper, or lead, or iron, or carbonate, sulphate or phosphate of lime, or a peat bed, quarries of marble or slate, or other valuable stone. He cannot send these abroad. Population and manufactures would give value to them. He could then exchange them for manufactured goods. Here would be his cheapest and only market.

We can point out how the free-trader can buy in the cheapest market consistently with his principles. Wool and flax, wood, stone, and food, are cheap in Canada. Let him come here under protection, with his capital and labour, establish manufactures and he can then buy his raw material in the cheapest market. He will have the advantage of protection for his fabricated wares. He has even a double advantage—buying in a cheap and selling in a dear market. He will, too, benefit us, as he will give us a market for much not now saleable.

If 50,000 needle women, and tailors, and shoemakers, and hatters, and furriers, and blacksmiths, and bakers, were thrown out of employment by our buying the products of these artizans in foreign markets, because the gold value would be less, we would find this, apparently cheap, the dearest market in the end; for we would be in the condition England is to-day, her markets supplied by foreign fabrics, because the price in gold is cheaper; her workmen out of employment—more, we are told, without work than ever known before; and instead of those hundreds of thousands creating wealth they are consuming what was hoarded up in more prosperous years.

“But,” says the free-trade,—who is ever ready with his platitudes—“let those millions of displaced artizans turn to something else.”* What will they do? Their habits qualify them

* McCulloch’s Pol. econ. ch. 5.

only for their own specialty ; besides, every industry is more or less depressed, and the operatives in them also seeking work. Let the theorist show us one instance where a large population turned out of one great industry has been readily absorbed into another. The destruction of Irish manufactures, by England's free-trade policy of 1846, drove from the land, or starved, three millions of her people. The same policy ruined Jamaica, and decimated whole districts in India. If foreign workmen continue to gain on their English brethren during the next ten, as they have in the last ten years, many of England's great industries will have written over their graves the historic words which told the fate of Ilium. The last exhibition in Paris showed that, even in iron and wool, England could hardly compete with her neighbours. The years which have intervened have shown the steady and rapid growth of these and other manufactures in protected countries and their even more rapid decline in England. In one industry alone, in Lancashire, there are fifty millions sterling invested, and by it a population of two millions supported. These factories we are now told, are working on half time or closed. If they should fail, and these two millions of people and fifty million pounds of capital, with the one hundred millions that are yearly changing hands, should pass to the continent, it would all be for the good of England—so those free-traders teach. Britain could then supply herself with cottons cheaper than she can manufacture them. This might be followed by the workers in iron, copper and wool ; and those ponderous works—such as those of Dowlais in South Wales—heretofore alive with fourteen thousand workmen, with their glowing furnaces and streams of molten metal, might, in a few years, remain but as monuments of their great industries, and be remembered only as the mouldering ruins of a Palmyra or a Babylon. If Macaulay's New Zealander

should ever appear to sketch the ruins of old England, he will come as the spectre of this specious and fallacious but art-destroying philosophy.

CHAPTER IV.

ENGLAND UNDER FREE TRADE.

Principles are now challenged which a few years ago were regarded as settled for all time and beyond all dispute.

Manufacturers declare that they are continually growing poorer while the experts inform them that they are misled by appearances.

Mr. Gladstone no longer exults over a prosperity which advances by leaps and bounds; but warns the nation that its progress appears to have been arrested.

Events are taking place which are menacing to labour and capital, but which alarm labour more than capital; for it is the working men who are crying out bitterly against hostile tariffs.

It will be difficult for even the tribune of the people to suppress the agitation by sneers or by denunciations of caste prejudices by calling the agitators lunatics. At Bradford, the centre of the woollen trade, in May last, there was no difficulty in getting ten thousand signatures in a few days to a requisition desiring the mayor to call a meeting for considering the state of trade and the new French duties.

Numerous influential country newspapers openly proclaim their opposition to the present commercial policy, and even the "Times" (20th May, '81) sorrowfully acknowledges that it is becoming necessary to fight the whole battle of free trade over again.

A still more remarkable admission was made by Mr. Gladstone (Times 18th May, '81) in receiving a deputation representing the Trade Councils of various great centres of population and industry. The deputation protested against bounties and prohibitive duties and suggested to the government to adopt countervailing duties. Mr. Gladstone's reply must have produced a feeling of consternation in the minds of some of his colleagues. 'We do not regard,' he said, 'with any satisfaction the system under which an artificial advantage is given in our markets to the products of foreign labour, the principle to be observed being that of equality. Some people say it is a good thing because the consumer gets the benefit of it; but I do not think that any benefit founded on inequality and injustice can bring good even to the consumer.' The word equality manifestly means reciprocity. Mr. Gladstone, no doubt, could easily show that equality does not strictly mean equality, when used to a deputation; it has then some polemical signification.

What has brought about the change in public opinion which leads Mr. Gladstone to talk of equality, the public journals to confess that the free-trade battle must be fought over again, and leads some manufacturers and former admirers of Cobden and Bright to remove their busts from the mantle-piece to the cupboard.

English export trade during the last twelve years has fallen off with Germany 33 per cent., with Holland 36 per cent., with the United States 28 per cent. Fortunately the colonies, those useless and burdensome members, have increased their purchases, or English trade would have been still more depressed.

Starving labourers ask for work and the professors of the 'dismal science' present them with rows of figures and bundles

of 'infallible principles' borrowed from Adam Smith and Mill, to prove to them that the want of work is a delusion and that they are living in luxury.

In 1870 the value of cotton manufactures exported from England to the United States was £2,674,000 sterling; in 1876 they had fallen to £1,275,000, and the revival of trade in 1880 ran these exports up to only £1,748,000. In 1872 England exported to Germany cotton-yarns to the value of nearly six millions sterling; in 1880 the amount was below a million and a half. The decline of the cotton trade of England with Egypt during the last ten years is sixty-eight per cent. With Holland the cotton trade fell in ten years from four and three quarter millions to under two and a half. But in the same period the value of these goods exported to India rose from thirteen to twenty millions. India and the colonies, which would long ago have been cast off by the Manchester School, have saved English trade from still greater depression.

In 1872 England sent to the United States woollen goods to the value of £5,627,000; in 1880 the amount had fallen to £2,210,000. The exported woollens to Germany may be summed up in one line.

1869.	1872.	1875.	1880.
£5,960,000.	£8,659,000.	£3,024,000.	£1,010,000.

These few figures throw a flood of light into the dark abysses of the 'dismal science.' English woollen manufacturers have established factories on the continent, and others propose to do the same in the United States.

In Birmingham it is stated that there are ten thousand houses without tenants, the rental per house ranging from £7 to £200. People who once kept house are now, through com-

mercial depression, going into apartments; for it is not unusual for two and even three families to occupy a small three shilling a week tenement sharing the rent among them. (*Manchester News*, June 11, 1881.)

Out of the 967 blast furnaces in England, 556 only are at work. (*Iron*, June 4, 1881.) In South Wales the proportion is about the same.

The United States have enforced protection on a scale such as the world never saw before. They have levied duties of from 40 to 200 per cent. and under the withering influence of this tariff their manufactures have developed to an unprecedented extent. During the last ten years the capital invested in iron industries has increased from \$121,772,000 in 1870 to \$230,671,000 in 1880—nearly 90 per cent. In the same period the number of cotton looms has been enlarged by 46 per cent. and the number of spindles by 53 per cent. According to all established theories and according to the immutable doctrine of 'great thinkers,' the United States should have been going rapidly down hill during all these years.

Mr. Bright, who makes many prophecies and lives to see most of them reversed, in his speech at the Cobden celebration in 1877, saw this vision. 'If we look into France we see that protection is becoming weaker. If we look at the United States or consult any intelligent American we shall find that there it is shaken and tottering to its fall.' Five years have passed and protection, in all the great countries of Europe and America, has a firmer hold of the public mind now than then; and during the 35 years since the repeal of the corn-laws, public opinion, in all the great commercial and manufacturing countries has gradually settled down more and more in favour of

protection. Republics are the most rigid protectionists, and the European and American world are coming more and more under the influence of the labouring classes, who mostly favour protection to native industries. The American and French Republics are more bent upon that policy than ever; Canada has adopted it. After the first experience under the Cobden treaty in 1860 of, not free-trade, but partial reciprocity, the rest of the continent of Europe is reverting to the principle of high duties. The refusal of the French to be enticed any farther along the path in which free-traders are trying to lead them, will indefinitely prolong the reign of protection on the continent.

The new philosophy of English free-traders, forced upon them by the inexorable logic of facts, is that it is a most excellent thing for a country to buy more than it sells. They think it a good thing for England that her imports should have exceeded her exports in 1879 by £170,595,000, and in 1880 by £187,000,000. In ten years her imports would exceed her exports by £1,870,000,000 sterling.

This may be a proof of the great wealth of England but it cannot be the cause of that wealth. The surplus must eventually be paid in hard cash. It may be in part by the interest on foreign loans; but the surplus is not paid by the profits of production, and production is the only source of wealth. Thirty years ago her exports and imports increased together; the difference was not great. If the present state of trade is sound the former was not.

The United States, to which Mr. Bright so often points his countrymen, exported in 1881 £54,000,000 more than they imported. If England is getting richer by the great excess of

her imports, the United States must be getting poorer by the opposite policy. In 1880 England bought of the United States various commodities to the value of £90,000,000, and sold to them goods valued at £22,950,000. The United States did not take of England goods to the amount of her exports to England according to free-trade teachings 'that foreign commodities are always paid for by British commodities.' And yet we are told that she must be doing so, as all trade is barter, and might be carried on without money or anything to represent money.—*(Times June 25th 1881)*

Facts are stronger than theories, but so much the worse for the facts according to free-traders. Mr. Cobden said that to suppose we should buy corn of other nations while they declined to take our manufactures, was as much as to say they would give us their corn for nothing. The "*Times*," too, as late as June 20th 1881, advances the same doctrine. 'If France will buy from us she will be able to export to us, but on no other terms.' Mr. Cobden and the "*Times*" overlooked also this alternative that they would ask to be paid for their corn in cash.

England must have the grain; if it were a luxury she might do without it, and say she would not trade with those who refuse to trade with her; but bread England cannot do without, and must pay down in hard money for it.

England has £2,000,000,000 invested in American and other foreign bonds and with this she pays for a large part of the difference between her imports and exports which amounted in 1880 to £187,179,530,

Imports.....	£409,990,056;
Exports.....	£222,810.526,
Excess of Imports.....	£187,179,530.

And yet these theorists go on repeating 'that a nation which will not buy from us cannot sell to us; if foreign nations will not buy our manufactures, they cannot sell us their corn or cotton.' The tapping on a child's drum produces sounds which mean as much as this hollow jargon.

'Adopt free trade' said Cobden, 'and there will not be a tariff in Europe that will not be changed in less than five years to follow your example.' Seven times five years have passed since these words were uttered, and every tariff in the old world and the new has become more thoroughly protectionist. Sir Robert Peel maintained in 1846 that hostile tariffs would best be met by free imports. 'Depend upon it' he said 'your example will prevail—Reason and common sense will induce relaxation of high duties—I see symptoms of it already.' And what symptoms of the kind would Sir Robert Peel have discovered had he lived till to-day?

In 1846 imports into England amounted to £74,000,000; last year they were £410,000,000. With the increase of imports the free-traders looked for at least a corresponding increase in exports, for they predicted that England would supply the world with manufactures, but in 1880 the imports were £409,990,256. but exports were little over one half—222,810,526.

Excess of Imports—£187,179,530

This excess, according to the writers we have quoted, represents the sum by which England has grown more wealthy in 1880 than she was in 1879. Is it possible that any one can believe this. To pay year after year for such a large surplus of imports may be a proof of accumulated wealth, but cannot be the cause—the creator of wealth.

Free-traders teach that the interests of the "consumer" alone should be considered ; the producer must, if necessary, be trodden under in the strife. When only a handful of Spittalfield weavers were concerned, this was considered the essence of wisdom, but now when the "producer" has to be counted by millions even Mr. Gladstone is open to conviction and admits that the "consumer" even must not be allowed to profit by inequality and injustice.

In opposition to free-trade teachings one would think that the producers should chiefly be considered, solely because they are the producers—the creators of wealth. The tillers of the soil, the breeders of cattle and sheep, the fishermen, etc., produce the food of the human family ; the miner, the manufacturer, the shipper, are producers in their several ways.

Mr. Eeroid would impose a duty of ten per cent. on all articles of foreign production, except raw materials of manufacture, and admit importations from the colonies duty free. His object would be, not to protect English industries, but to raise a revenue ; by this 10 per cent., over £17,000,000 would be raised ; this would lighten taxation and break down hostile tariffs. Taking the population at seven millions of families of five persons each, the extra cost of living to each family by the duties would be sixpence a week. Mr. Eeroid further proposes to remit the duties on tea, coffee and other articles received from nations which do not weigh down British commerce with heavy duties, and he calculates that after all deductions there would be £7,500,000 sterling to relieve our depressed and harassed agriculturists, and £1,600,000 to increase the interests and profits of wholesale and retail distributors, should competition permit them to charge it to us. A duty on American wheat would not, he contends, cause any advance in the

price of bread, for ample supplies could be procured from Canada, and in return for taking her grain duty free, she would doubtless be willing to admit all English manufactures into her ports on similar terms. He would have the United Kingdom and its dependencies welded into one great free-trade empire capable, if the protection system be finally adopted by other nations, of supplying all her own essential wants. (*Policy of Self Help*, p. 3.)

This is the old idea* of English free-traders confined to a limited area ; England to do the manufacturing and the colonies to grow the raw material. Canadians know, perhaps better than Mr. Ecroid and men like him, what the English manufacturers are ; that they have spent immense sums "to crush in their infancy foreign industries," "to strangle them in the cradle." Canada certainly would not consent to confine herself to the lowest and least remunerative labour—to be hewers of wood and drawers of water—for the return of having her raw material admitted to English markets duty free. The other offered advantage would be an injury to Canada if not an impossibility (English goods admitted duty free), for it would destroy her home industries and force her to raise a revenue by direct taxation.

It is certain that foreign manufactures are imported more largely into English markets every year, as the following statement relating to the three chief articles of English manufactures will show.

	1878.	1880.
Imports of cotton manufactures.....	£2,058,676	£2,672,024
do iron manufactures.....	1,710,775	2,417,083
do woollen yarn	1,354,587	1,713,767

Of woollen and worsted manufactures, the importations for the three years 1869-71 were valued at £3,456,675 ; for the three

years 1878-80, the amount had risen to £6,484,397, an increase of 87 per cent. There are many other articles—such as refined sugar—concerning which similar results are shown. Still free-traders pretend that the importations of foreign manufactures is too insignificant to be deserving of the least consideration.

The Cobden school uneasinessly refer to the so-called unrestricted commerce as the cause of the vast increase in the trade of England during the last thirty years. Nothing is said about an event which had more to do with the expansion of trade, not merely in England, but throughout Europe and America, than all the "panaceas" ever dreamt of by the Manchester school—namely, the discoveries of gold in Australia, California and British Columbia. England alone received from these sources some £20,000,000 a year for more than thirty years—in all a sum nearly equalling her national debt. The growth of railways, the employment of steam in the carrying trade of the world, the development of other nations, the practical monopoly which Britain enjoyed for many years—all these immense forces are ignored by free-traders, and the fact that other nations have, under protection, made equal and in some instances, greater advances than England.

Every conceivable device has been employed to make the people believe that their complete and total ruin is to be compassed by the introduction of a system of protection tenfold more rigorous than anything we have ever seen in England—an addition to the income tax and a dearer loaf. Such is the version given by free-trade journals of a demand for fair play originated by working men.

The entire organization of the free-traders has been set to work to crush it, while the press of London, with the honourable exception of the *Morning Post* and two or three other journals,

has combined to write it down. "The bubble which has burst," has decided five important constituencies.

These lessons have spread alarm among free-traders. Tracts and pamphlets have been showered mercilessly upon the country by the Cobden Club.

Chambers of commerce and men of influence have every-where given in their adhesion to it.

Some trades are absolutely dying out in England ; others appear to offer a sorry prospect for the next generation. Messrs. Priestly & Sons, woollen and dress goods makers, of Bradford, are establishing mills in Philadelphia. Other incidents of the same kind have occurred, but as they do not appear in the Board of Trade Returns they are deemed unworthy of notice by those who estimate the condition of the nation by rows of figures arranged to suit their own arguments.

Labouring men drink more tea, it is said, than formerly, and therefore they are better off. But tea is a cheaper beverage than gin or beer, and men at lower wages, resort to the tea, but they drink less gin and beer.

An increase of exports does not necessarily show an increase in British products. Take one example : In a large wholesale warehouse in the heart of London, there may be found thousands of boxes of made up cravats. The selling price of each box is twenty shillings. They are shipped abroad and duly entered as exports of British manufactures, and yet out of the whole twenty shillings at which every box is valued, less than two shillings represent the portion which has gone in any way to British workmen. The silk of which the scarf is made comes from Germany, the linen from France, the stiffening material from Germany, and the only

article of British manufacture in it is a common stuffing produced in Bradford. This is the case with innumerable other descriptions of goods. Such examples show how little, conclusions drawn from Board of Trade returns, and from them alone, are to be trusted.

In London the adverse influences affecting trade are less severely felt, because there are no extensive local manufactures, and because a certain class of London merchants derive benefit rather than injury from the operation of the peculiar and original system of free-trade.

An industry which finds its principal market in the country, might be almost annihilated without leaving a trace behind it in the Blue Books. No Board of Trade return will show how many mills have been closed in Bradford or Manchester. They present very imperfect materials for forming a judgment of the foreign trade. Of the trade of one city with another—of Birmingham with Leeds, of Manchester with Sheffield, there is and there can be no record whatever.

If free-traders cannot deny that trade has fallen off in Birmingham, in Manchester, in Bradford, in Coventry, in Macclesfield, in Worcester, of what relevancy are their figures to the question. The Board of Trade tables cannot convince a man, who is employed only half the week, that he is better off than he was when fully employed. Yet it is to these tables that the workmen are constantly referred in answer to their complaints. If this reference proves unsatisfactory, then the discomfited free-trader takes his revenge by blustering at the sun as the cause of all commercial depressions, or sneering at failing industries as the poor weak trades of Coventry, Macclesfield or Bethnal Green. Yet even these weak industries showed results too important to be overlooked.

Coventry gave employment to 40,647 persons in the ribbon trade. This trade failing through foreign competition, she was fortunate in securing a new industry—that of bicycle-making. Macclesfield formerly employed 14,000 hands; now but 6,520. Mr. Lister, of Bradford, has publicly stated that during the last twenty years there has been a loss of between £50,000,000 and £60,000,000 of workingmen's wages on the silk goods imported during that time. These changes have taken place since Mr. Cobden's French treaty in 1860, and no doubt the result of that one-sided reciprocity measure; yet reciprocity is inconsistent with free-trade. Under that treaty all French silks were admitted into England duty free, while the French imposed or retained heavy duties on the very description of English silks in which England stood a fair chance of competing with French manufactures. The French have now the entire control of the black silk trade.

Prior to 1861 there were 42 manufacturers of gloves in Yeovil alone; now there are but twelve. In Worcester we have a similar story to tell. Not one-third so many gloves are made in England now as were made a few years ago. The purely trading firms, however, sell as many gloves as before; but they buy them abroad.

American, Swiss, French and German competition, carried on under conditions which the wildest fanatic on the question of free-trade cannot venture to call fair, is killing the ribbon, clock and watch industries. Prior to Cobden's treaty, the business done in the silk and ribbon trades, was worth annually from two to three millions sterling, now it is but £600,000, only a fourth to a fifth the former amount; the weekly wages have fallen in the same time from £12,000 to £2,000. A firm in Macclesfield which formerly had 180 apprentices to the ribbons' trade, now has

not one: this same firm once employed 1,800 weavers, and now it can find work for scarcely 100. In Coventry, twenty years ago, there were 84 ribbon manufacturers; to-day there are not a dozen who have not been compelled to compound with their creditors. They formerly exported to the United States £10,000 worth of silk goods annually; now little or nothing is sent there. But in the United States the silk trade has quadrupled since the passage of the tariff act of June, 1864. The yearly value of the silk goods now made in the United States is over \$20,000,000. The latter result has taken place under the blighting effects of protection, and the former under the favouring influence of free trade.

One of the largest firms of silk throwsters in Manchester has given the following figures, showing the annual production of silk manufactured by the firm before and after the French treaty of 1860:—

Manufactured in 1859, one year before the treaty.....	£250,000
In 1863, three years after.....	66,000
In 1878, fallen to.....	55,000

‘I firmly believe,’ writes a gentleman practically connected with the trade, ‘that these figures will give the key to the true state of affairs in every firm in Manchester.’

To the great majority of Englishmen free trade is no longer what the worship of Brahma is to the priestly caste of India, a matter for devout contemplation only, far too sacred for discussion.

There is a very general suspicion that political economy is not one of the exact sciences. This the *Times* and *Saturday Review* formerly said.

I believe it is now generally allowed that every prophecy uttered by the apostles of free trade 30 years ago, is unfulfilled, or has proved false. In 1844 Mr. Cobden said, "You have no more right to doubt that the sun will rise in the heavens tomorrow, than you have to doubt that, in less than ten years from the time when England inaugurates the glorious era of commercial freedom, every civilized commercial community will be free trade to the backbone." In 1852 he said the time was at hand when other nations would be compelled by self-interest, and by the reality of our prosperity, to follow our example and adopt free trade.

In 1852, Mr. Disraeli said in the House of Commons : 'The time will come when the working classes of England will come to you on bended knees and pray you undo your present legislation.'

In 1867, Mr. Bright, in a letter to the Chicago Tribune, said: 'All the countries of Europe are tending to freedom of trade.' But Mr. Bright never reasons, declamation is his forte. Which prophet is most worthy of trust?

The extraordinary development of agricultural and manufacturing prosperity in Europe and America has entirely changed England's industrial position. Thirty years ago, England had almost a monopoly of the manufacturing industries of the world ; she produced everthing in excess of her consumption ; other nations comparatively nothing.

The reports of the labourers' delegates state that a larger proportion of the operative population of Great Britain, (they put it at one-third) is out of work ; that the rest have not on an average more than four days' work a week ; that for five or six years they have been consuming their savings and the funds of their trade

societies. One rich trade society had paid no less than £200,000 in 'work pay' during the last five years, and reduced its capital to less than £100,000.

Every year the gulf between rich and poor becomes deeper and broader—every year this wealth is accumulating into fewer hands. The Hon. David Wells of United States, at the Cobden Club, said, 'the rich became richer and the poor poorer under protection.'

It is calculated that in England there are 14,500,000 people with less than 10s. 6d. a week to live on. Contrast this with the wages paid labourers in countries under protection.

How long, asks the Cobden Club, will the farmers of America allow protection to add to the cost of what they consume? So long, it may be answered, as work gives them better wages—gives them power to buy. The question is not so much one of the price of goods as of the power to buy. The farmers of America have this power from the continuous good prices given by manufacturers for their products.

'Who,' asks Mr. Bright, triumphantly, 'dare now propose a return to protection?' Who, it may be asked in return, amongst all the wise and thoughtful men in enlightened Europe and America, dare now propose the adoption of free-trade? Not one.

There is universal suffrage in France and the United States, yet those nations adopt protection. Every where the voice of universal suffrage has decreed that free-trade is destructive to native industries.

When foreigners see manufactures dying out under free-trade in England, and springing into vigorous life under protection in France, Germany, Belgium, America and Canada; when they see the ruin of industry, the depression of all manufacturing interests

operatives emigrating, capitalists preferring investments in foreign countries to those of their own ; they do not look much further for arguments against free-trade.

The number of votes in France is 27 per cent. of the population, in America probably more ; in England it is 9 per cent., yet throughout the whole of America and France every class, rich and poor, statesmen and pressmen, producers and consumers, are in overwhelming majorities in favour of upholding protection. On the principles of Mr. Bright and his radical school, universal suffrage, which is more likely to be right,—the 27 per cent. or 9 per cent., the nine millions in France, the thirteen millions in United States, or the three millions in England ?

‘ It is in times of distress,’ says the great apostle of isolated free-trade, ‘ that the unwisdom and injustice of laws come to be examined.’ No time therefore can be more appropriate than the present to examine the ‘ unwisdom’ of the novel free-trade theories inaugurated 36 years ago in England, and this is now being done. National prosperity depends on general employment.

A man who earns 25 shillings a week or £65 a year possesses, in the skill or knowledge, or experience, or strength, which enables him to earn that money, a capital which yields that amount weekly. A man may have 30 years work in him or he may have 15. If 15, the income of the operative earning 25 shillings a week capitalized at 15 years, represents £975 (say £1,000). Now, there are in England, six and a half millions of operatives engaged in manufactures and similar pursuits, earning in fair times, 25 shillings a week. This represents an annual income of £422,000, 000 (say £400,000,000) capitalized at 15 years purchase this sum represents a capital of £6,337,000,000. This is the capital of labour.

A loss of one day's work in the week would be a loss of £1,056,000,000 sterling a year ; to double or treble this loss would be to take annually from the wages of operatives more than two thousand or three thousand millions sterling.

Sir Edward Sullivan says 'England has a population of 34,000,000 of the best working race in the world, accustomed for generations to agricultural and manufacturing industries. She has ample capital, better banking facilities and credit, cheaper coal and iron, and better engineers and machines and machinery than any nation in the world ; greater facilities for importing raw materials for our industries ; *our climate is better adapted* for labour of all kinds all the year round than any *other climate in the world* ; our soil, take it all through, is better suited for agricultural industries than any other soil in Europe or America ; we have the finest breed of horses, beasts, pigs and sheep in the world ; and yet the agricultural interest is on the verge of ruin, and the manufacturing interest is in a condition that alarms all engaged in it.'

Why then should English labour be so depressed ? Has she not free trade, the panacea for all the ills of a state. And yet France sends four times the value of manufacturing goods to England than England sends to France.

Bradford is nearly ruined, and both manufacturers and operatives are emigrating to America. 'Bradford' say the political economists 'must be patient and watchful and must look for new markets.'

It is a terribly sad reflection on the vaunted economic wisdom of free trade writers that now in 1882 there is actually a better field for investments of capital in manufacturing industries in

France, Germany, Belgium and America than in England. It was not so at the beginning of the free trade era.

Isolated free trade would not have been tolerated in England a single hour if it had not been made the cause of the poor against the rich. Isolated free trade has removed the restriction from foreign trade but not from English trade; it has not conferred a single blessing on England that any other country has not enjoyed under absolute protection, but it has done this for it, it has ruined her great agricultural interests. It has thrown one-fourth (soon alas! most probably to become one-half) of her wheat area out of cultivation. It has extinguished her dairy farming, her fruit and vegetable, and all minor agricultural industries. It has enabled foreigners to flood her markets with cheap and often nasty manufactured goods: it has transferred the production of between fifty and sixty millions worth of manufactured goods from English manufacturers and English operatives to foreigners. It has increased the volume of trade against England till it has reached the alarming figure of £136,000,000.

Free traders may cut and carve and disguise the economic question as they like, but there is no escape from the two horns of the dilemma—protection or emigration. Which will the operative classes of Great Britain select? Will they protect their labour and industries, *as their fellow-workers all over the world have done*, and remain at home, or will they quit the land of what is falsely called free trade for the land of what is actually and really fair trade?

Under protection the commerce of the world has increased 36 per cent. in ten years. Under protection the commerce of the United States has increased 68 per cent. in the same period, and

yet England has nearly all the shipping. Under protection the commerce of Holland, Belgium, of France and Germany, has increased 57, 51, and 39 per cent.

Under free trade the commerce of England has increased 21 per cent. in ten years.

Under protection America is accumulating annually £165,000,000 sterling. Under free trade England is accumulating annually £65,000,000 sterling. Many experts maintain that since 1875-6, she is losing money instead of accumulating.

Protective America now exports more than she imports. Protective France imports £40,000,000 more than she exports. The balance against her is £40,000,000 in ten years.

Free trade England imports annually £136,000,000 sterling more than she exports.

Wages have risen more rapidly in proportion in protective France, Belgium and America, than in free trade England, and what is infinitely of more importance, employment has been more steady and continuous. The position of the operatives in America under protection is better in every respect than the position of a similar class under free trade in England.

Operatives from all parts of the world flock to America, the land of protection; not one ever comes to England, the land of free trade.

In 19 years under free trade succession and legacy duties had increased 29 shillings per head of population in England; 53 shillings per head of population under protection in France. But this does not tell the whole story. We must remember that those 19 years were years of domestic peace in England under free trade, whilst in France they included years of war, invasion, loss of territory, revolution, and a fine of £260,000,000.

If under protection, which Bright asserts, all but the 'lunatics' say is a drag upon a people, France has so far outstripped England under free trade; there must be some unnamed cause of the superiority of the continental nation over the Islanders.

The importation of manufactured goods into protection America, France, Belgium and Germany, diminishes steadily year by year; the importation of manufactured goods into free trade England increases without limit.

It is not free trade or protection that has extended commerce, advanced wages, and cheapened food all over the world, but the increased circulation of gold and silver, the extensive use of steam-propelled machinery, the multiplication of railroads, the substitution of steamers for sailing vessels, with many other agencies unknown to our fathers. But the economists give free trade the credit of all this mighty progress. There is another phase of the question which is of even more importance than diminishing production, and that is the deterioration in quality of most English goods. 'Inferior production,' says Sir Edward Sullivan, is losing us the neutral markets of the world. Thirty years of freedom of trade have generally lowered, in many cases ruined the quality of England products—inferior quality, adulteration, slovenly work. The *Times* said England was losing the Australian markets, not because the American goods were cheaper, but because they were better. Better under protection, deteriorated under free trade.

The agricultural interest—the most important in the country—is within appreciable distance of ruin and the country makes no sign. During the last ten years upwards of a million acres of land have gone out of wheat cultivation.

During the same period the capital of the agricultural

classes has depreciated to the extent of £500,000,000 or £600,000,000 sterling, and their incomes £21,000,000, and the loss is still going on with accelerated speed. 'There is nothing like dying by a fine sword,' say free traders. British agriculture is dying by the sword of free trade, what nobler fate can it desire. Instead of repining we should emulate the enthusiasm of the Hindoo fanatic, who shouts praises to Sieva, the destroyer, even as he casts himself under the wheels of Juggernaut.

A million of acres of wheat supplies grain for 3,500,000 people. During the last ten years a million acres have gone out of cultivation, so that now in 1882, if the population had remained stationary, England should be in a position to feed three millions and a half of people less than she was in 1872, but during that period her population has increased nearly 3,000,000, so that in 1882 she is actually in a position to feed nearly 6,500,000 less than she was in 1872. She actually grows less corn now to feed 34,000,000 than she did forty years ago to feed 17,000,000. During the last five years her stock has diminished in value to the amount of £5,000,000. Her farms have lost annually £6,500,000 for some years on the depreciated price of wool alone. Her dairy farming, market gardening and small rural industries are rapidly disappearing. Her importation of meat, dairy produce and vegetables average £45,000,000 per annum more than it did ten years ago.

Can't you see, say the free traders, the more money the Americans make by their corn, the more they have to spend on our manufactures. But unfortunately the process is now reversed. The Americans no longer invest their surplus receipts from corn in buying English manufactures; on the contrary they invest them in extending their own. Their profits are spent in new iron works, new textile factories and new roads at home.

Since 1872 English manufactured products have been falling off year by year, at first slowly, now rapidly.

Comparing an average of the three years 1878 to 1880 with an average three years from 1869-71, we find that in the chief manufacturing industries, cotton, silk, iron and steel, glass, sugar, paper, boots and shoes, carpets, flannels, blankets and worsted, there has been a decreased exportation from England to the value of £21,500,000 sterling, and an increased importation of £18,500,000 sterling, a balance against England of £40,000,000.

Another ten years like the preceding ones must actually annihilate grain culture in England and Ireland.

From 1850-70 the average price of wheat was 50s. 4d. per quarter. During that period England consumed annually, on an average, wheat to the value of £55,500,000 sterling. Of this amount £27,000,000 sterling was produced at home, £18,500,000 imported. From 1870-80 the average price was 48 shillings per quarter. During that period England consumed annually, on an average, wheat to the value of £57,500,000 sterling, of which only £24,000,000 was produced at home and £33,500,000 imported—thus in the ten years between 1870-80 England produced annually, on an average, to the value of £13,000,000 sterling less, and imported annually, on an average, to the value of £15,000,000 more than she did in the previous 20 years between 1850-70, a difference against her of £28,000,000 per annum.

When Sir Robert Peel abolished the Corn Laws (1846) he predicted that the average price of wheat would be fifty-seven shillings per quarter. But when Sir Robert spoke, steam was in its infancy; the multiplication of railroads and steamers in Europe and America had not commenced; the gold of California and Australia had scarcely been discovered; Manitoba and Min-

nesota were the hunting-grounds of Red Indians; the freights across the Atlantic were ten shillings to fifteen shillings a quarter; now it is one shilling and fourpence. The average price during the past ten years has been forty-eight shillings per quarter and therefore to maintain a permanent standard of fifty-two and fifty-three shillings a quarter, a duty of five shillings a quarter would be required. Five shillings a quarter amounts to one half-penny on a 4 lb. loaf, and twelve 4 lb. loaves a week to a family would be sixpence a week on every large family. The five shillings a quarter would be £6,500,000 on 25,000,000 quarters. This would not be all loss. It would have prevented the loss of £600,000,000 of agricultural capital in the last ten years, and the annual loss of £23,000,000 agricultural income.

Now this great free trade theory is blown to the winds, and Mr. Bright himself told the operatives at Bradford that agriculture not manufacture is the true source of national wealth.

Thirty-five years ago *soi-disant* free traders set themselves to the work—"God's work," they called it—of destroying the land-owner. Well, they have nearly succeeded, but in doing so they have destroyed the tenants, shopkeepers, tradesmen, carriers, and the hundred and one small industries in every agricultural town and village throughout the country.

1st. Is it probable or even possible that England can return to protection?

2nd. If she did so, would the working classes be benefitted by it?

In answer to the first question it appears probable that the operative classes, as a body, will go for "protection to land and labour."

But there is another and very powerful class who denounce

the idea of a return to protection as against manufactures; the promoters of companies of foreign mines, and loans and enterprises of all sorts; the brokers, London bankers, and the great finance houses whose profits depend on the trade of the world—on the industrial prosperity of France and America as much if not more than on the industrial prosperity of England.

Under protection England would every year buy £40,000,000 to £50,000,000 less of foreign goods, and consume £40,000,000 to £50,000,000 more of her own goods; and save £20,000,000 to £25,000,000 of wages that now go into the pockets of Foreign operatives.

“I believe, if confidence could be retained to our manufacturing and agricultural industries, if land and labour were protected from unwise and unjust legislation, we would soon produce £50,000,000 to £60,000,000 worth more food, and £50,000,000 to £60,000,000 worth more manufactured goods every year, and our manufacturing and agricultural classes would earn £50,000,000 or £60,000,000 worth more wages and income.”—(*London Cont. Rev.*)

COMMERCIAL TREATIES AND TARIFFS.

A Statement of the commercial treaties affecting the tariffs of the several countries named :

FRANCE.—The duties given for the years 1860-61 are those fixed by the Anglo-French commercial treaty of the 23rd January, 1860, the supplementary conventions of the 12th October and 16th November, 1860, and the Franco-Belgian treaty of the 29th May, 1861, the provisions of which were extended to the United Kingdom in virtue of the most favoured nation clause. The treaty tariffs of 1860-61 were within the next decennial period further modified by an additional convention between Italy, Switzerland, Sweden and Norway, Spain and Austria. With the

exception of an alteration of the sugar duties, there were no changes of importance between 1870 and 1875 ; but in the subsequent period the expiry of the Franco-Austrian treaty at the end of 1878, brought about an increase in the conventional tariff duties on some of the coarser descriptions of single woollen yarns. The existing treaties between Great Britain and France have been prolonged till February, 1882.

The changes made in the new French tariff, as compared with the present, that of 1860, are of two kinds : 1st, an increase of about 24 *per cent.*, in the duties now levied specifically on many important articles of British produce and manufacture ; and 2nd, the conversion into specific duties of the *ad valorem* rates hitherto charged, also with an increase in many articles of 24 *per cent.* Negotiations between the English and French governments are now being conducted in reference to this new tariff.

GERMANY.—The treaty under which the commercial relations of Great Britain with Germany are determined is that concluded with Prussia and the Zollverein on the 30th May, 1865. The treaty accorded most favoured nation treatment, to the produce and manufactures of the United Kingdom, but no special tariff of duties was defined. The treaty remains in force, subject to one year's notice of termination by either of the contracting parties.

RUSSIA.—The treaty of the 12th January 1859 is still in force under the same conditions of termination as that with Germany. It provides for the most favoured nation treatment of British goods, but does not embody a tariff of duties.

BELGIUM.—The treaty of the 23rd July 1862 remains in force, subject to one year's notice of termination. By article 13, British goods became entitled, with certain temporary exceptions, to the special tariff accorded to France by the Belgian treaty with

that country of May 1861. A special tariff for certain descriptions of cotton yarn was also embodied in a protocol of the 30th August 1862. Further modifications of the conventional tariffs ensued in virtue of treaties between Belgium and other powers until 1865, when the conventional tariffs were generalised and made applicable to all countries alike.

HOLLAND.—The treaty of the 27th October 1837 grants most favoured nation treatment to British goods. It is still in force, subject to one year's notice of termination. The Dutch customs tariff is applicable to all countries alike.

AUSTRO HUNGARIAN EMPIRE.—The duties stated for 1860-61 were applicable to all countries, some exception being made in favour of the frontier commerce with the Zollverein. The treaty then in force between Great Britain and Austria was that of the 3rd July 1838. On the 16th December 1865 a new treaty was concluded with Austria under the provisions of which a special convention tariff was drawn up. This tariff was further modified by the Austrian treaties with France and the Zollverein and by the Anglo-Austrian convention of the 30th December 1869. The treaty of 1865 and convention of 1869 expired at the end of the year 1876, when cotton and woollen goods lost the advantage of the reduced tariff of duties annexed to the convention of 1869. A new treaty was concluded with Austria on the 5th December 1876 which is still in force. By a declaration of the 26th November 1877 it was prolonged indefinitely, subject to one year's notice of termination. The treaty while conferring most favoured nation treatment on British goods (with certain reservations for frontier traffic), does not specify a tariff of duties. On the 1st January 1879 a new general tariff came into force, which, as modified by the conventional tariff

attached to the Austro-Italian treaty of December 1878, is now applicable to British goods.

ITALY.—By the treaty of 27th February 1851 with Sardinia the most favoured nation treatment was accorded to British goods. This treaty was superseded by the treaty of the 6th August 1863 with Italy, which has been prolonged until the 31st December of the current year. The most favoured nation stipulations were renewed, but no special tariff was negotiated. In 1879 the conventional tariff established by these treaties expired. A new general tariff had come into force in July of the previous year, and this, as modified by the conventional tariff attached to the Italian treaty with Austria of 27th December 1878, is now applicable to British goods..

RETURN of the Estimated Average *ad valorem* Rate of Import Duty levied in the Principal European Countries, and the United States, on the following Articles of British produce or manufacture.—(a)

ARTICLES.	Prices at which the Rates of Duty are calculated.	PER CENT. AD VALOREM				
		Russia.	Germany.	France.	Austria.	United States
Cotton Yarns, (undyed)	At 9d. per lb.	38	7		10	75
	" 1s. "	29	5 to 11	See Note	7 to 13	62
	" 1s. 3d. "	23	4 to 9		6 to 9	53 to 85
Linen Yarns, (undyed)	" 1s. "	35	1½		1½	30 to 40
	" 1s. 6d. "	23	1 to 7	See Note	1 to 7	35 to 40
	" 2s. 6d. "	14	½ to 4		½ to 4	35 to 40
Silk, (Thrown).....	" 40s. "	1	Free.	Free.	Free.	35
Wollen and Worsted Yarns, (undyed)....	" 3s. "	13	½	See Note	1 to 2	85
Iron, Pig	" 60s. per ton	17	Free.	27	17	42
" Bar.....	" 7L. "	50	"	35		67 to 100
Tanned Leather (unwrought).	" 1s. 6d. "	26	4	2½	4	15 to 20
Ox and Cow Hides.						
Paper (for writing)....	" 6d. per lb.	53	5	6 ± 8	5	35
Sugar (Refined).....	" 35s. per cwt	90	44	88 to 95	76	75
Beer or Ale.....	" 14s. 10d. "	80	14	16	20	75

* Calculated on value at port of import.

† These rates are for yarns not on spools.

‡ Excise duty in addition.

|| Partially calculated on value at port of import.

NOTE.—These percentages are on the average export prices of British produce. On some articles it has been found difficult to obtain an average value; on others impossible.

Free-trade writers—English and Foreign.—Fawcett, *Baden-Powell, Mill, Cairns, Bastiat, &c.

In the opinions quoted below from the leading free-trade writers of the day, it will be seen that none of them touch upon the chief questions which have induced new countries to adopt protection to native industries. They seem incapable of even understanding them.

In his work on free-trade and protection, Mr. Henry Fawcett M. P. of the British Parliament says—

‘The chief object I have in view is to endeavour to explain the causes which in recent years have not only retarded the general adoption of free-trade, but have in many countries given a fresh vitality to the doctrine of protection.’

There is not merely ‘a fresh vitality given to protection in many countries’ but in all the great commercial countries of Europe and America. The faith in the ‘general adoption of free trade’ exists only in the minds of the extreme disciples of that school in England. There has never been any foundation for such faith—certainly none now. Nothing could exceed the confidence, says Fawcett ‘with which it was predicted that when England had once enjoyed the advantages of unrestricted commerce, other countries would be led to follow her example.’

Mr. Fawcett says that ‘the adoption of protectionist principles in the colonies has been encouraged by the opinion expressed by Mr. Mill, that the imposition of a protective duty, with the view of promoting a new industry in a recently settled country, may be justified as a temporary expedient.

The assumption by English free-trade writers that their opinions have great influence in the colonies is no doubt very

* Baden-Powell (it is one name.)

flattering to them, but it is a delusion. The tapping on a boy's drum would produce about as much effect.

Mr. Mill's writings have very rarely been quoted in the discussions on protection in Canada, and never as an argument for its adoption, for very little weight is given by protectionists to Mill's opinion; when referred to, it was rather to show the disagreements of free-traders among themselves.

Mr. Mill's opinions smell of the candles and the kitchen—they are too exclusively the opinions of one who has spent his life in the closet, to have much influence in practical life.

The narrow view taken of economic questions by Mr. Fawcett, and he is a type of all his school, is shown by his summing up the advantages and disadvantages of the bounty system in the question of the cost of the sugar to the English consumer—"England gains," he says "as certainly as France loses, by the bounty on French sugar; and as long as France is willing to tax herself for our benefit, why should we refuse to accept the advantage which is offered to us." The loss of an industry which might give employment to tens of thousands of Englishmen and support to their families; the loss of capital, and of its distribution over large areas; the loss of profits to the commercial classes in the importation of the raw material and the distribution of the manufactured article; these and other advantages are all ignored for, it may be a saving of one per cent. but at a loss of 99 per cent.

These and other puerile arguments of free traders show their utter inability to understand the condition of countries outside of England, and the reasons which have induced all the great commercial countries to adopt protection.

Mr. Fawcett says "nothing perhaps is so likely to conduce to a

just appreciation of the injury which is inflicted by protection, as to show that the economic advantages which are produced by free trade are the same whether the exchange of commodities is between different countries, or between different parts of the same country.

The very argument which Mr. Fawcett uses to prove this effectually disproves it. He says 'the people of each locality gain two distinct advantages by freely exchanging their commodities for those which are produced in other parts of the country.'

If one of these localities is in England and one in France, two of these advantages are lost to England and gained in France. England loses one-half the advantages of her present manufacturing industry and France gains it. In protective countries the custom duties, imposed for the encouragement of home industry, are only on those goods which come into competition with those of home production. Mr. Fawcett's phrase so often used for argument 'it can be easily shown' does not answer the objection.

The very fact that countries under protection have advanced in wealth and population to an unprecedented extent has more weight than all Mr. Fawcett's arguments against protection. It is fact against theory. Mr. Fawcett also forgets that an old and rich country like England, with all her industries in the highest state of efficiency, can and does use her power to crush the infant industries of weaker countries. Protection duties are the only means which the weaker community can use against the stronger.

Mr. Fawcett says 'It has just been shown that an inevitable result of a protectionist policy is to make the articles which are exported dearer.' All free traders assume that the custom duties must be added to the price at which the article can be produced without such duties. Experience is against this assumption. If

a pair of shoes cost ten shillings and the custom duties are two shillings, the foreigner will pay these duties, or which is the same thing, put his shoes at eight shillings. If the custom duties are \$10 a pair on shoes, it would be absurd to say that shoes in the protected country would be \$12. Home competition keeps down the price. Mr. Fawcett's examples under this head (p. 94) are absurd.

From the tables given below Mr. Fawcett draws an argument in favour of free trade and against protection from the immensely greater value of the exports from England than from the United States, as also that the great bulk of the exports from the States are agricultural products, forgetting the recent origin of manufactures in America and that she has had to supply an enormously increasing home consumption. This of itself is a great achievement in a young country.

Value of Agricultural products exported from United States 1876,—£93,000,000 out of her entire exports, £112,500,000.

Principal manufactured articles exported in 1876—

From England £129,070,000.

From United States £4,020,000.

Fawcett assumes, as all free traders assume, that the great prosperity of England, since the adoption of free trade, is due entirely to that policy, ignoring the fact that the United States and France under the highest protection which any nations have ever enforced, have, during this same period, had as great a material prosperity as England ; that manufacturing industries have been developed more rapidly in these countries than in England. Gladstone, Bright, Baden Powell, and all English free traders assume the same.

Fawcett says 'It should be remembered that the adoption of

free trade in England was powerfully promoted by circumstances of so peculiarly exceptional a character that they do not now exist in any country where a protective tariff either has been or is proposed to be introduced. In England it was agricultural produce that was most carefully protected, whereas in continental countries, in America and the colonies, it is manufacturing industry that is most zealously shielded against competition.'

Agricultural products are heavy and costly of transit, and therefore do not need protection to the same extent as manufactures. £1,000 worth of manufactures may be carried across the ocean at the same charge as £100 worth of agricultural products. There is on this ground even a greater necessity for protecting the weak manufactures of new countries.

The entire tone of English writers on free trade leaves the impression on the minds of the readers that they urge that policy on foreign nations chiefly because they believe England would gain by it.

Fawcett quotes D. A. Wells' statement that 'it would pay the United States to buy the Bessemer Steel Works, close them and pension off the employees.' But Bessemer steel has fallen from \$158.50 per ton to \$42.00; and there are now manufactured in the States 1,074,262 tons—the quantity having risen from 79,000 tons in 1870 to 1,074,262 in 1880.

And why should not Bessemer steel be made in the States and Canada as well as in England? The 'growing oranges' style of argument so often used by free traders can have no force here.

'Scarcely any one' says Fawcett 'could now be found in England who would express doubt as to the great advantages which free trade confers!' This was written in 1878, yet now in 1882, the opposition to free trade is wide spread, and five import-

ant elections have been carried on the question of 'fair trade' in opposition to free trade.

'It can no doubt be shown' says Mr. Fawcett, 'that those who maintain high tariffs inflict a far greater injury on themselves than they do upon us' (the English).

'It can be shown;' this is a constantly repeated form of expression of Mr. Fawcett. One wonders why he does not show it; and it is extraordinary that, if this is so manifest, the three hundred millions of the most highly enlightened people in Europe and America, who have adopted protection, continue to retain it and increase their protective duties. Turkey, the only European nation which has not adopted protection—having under English guidance a uniform scale of 7½ per cent. on imports—cannot be pointed to as a pattern for others to follow.

'Duties,' continues Mr. Fawcett 'are levied on some articles such as malt and spirits; an excise duty exactly equivalent to this import duty being imposed on English made malt or spirits.' (p. 28).

Mr. Fawcett takes credit to English free traders for imposing an excise duty equal to the import duty, so that the Englishman may have no advantage over the foreigner in the British market. For downright honest stupidity commend us to the English. Fair play is a jewel, and 'fair trade' is now the cry in England. All except free-trade-run-mad must fail to see any fair play to the English trader or tax-payer in such an adjustment as here referred to. Mr. Fawcett also complains (p. 61) that 'it rarely happens in the United States that an excise duty is imposed on a home product to counterpoise the duty on the same product when imported.' It would have been a rare combination of stupidity and shrewdness if this had been done in the United States.

Geo. Baden Powell, M.A., treats of,—

1. Nature and effects of protection.

2. The diagnosis of commercial depressions; including a sufficient account of effective and non-effective remedies, and the possibilities of free-trade.

3. Deals with England of to-day as an example of these things.

Mr. Baden Powell admits that we cannot as yet look for the definite abandonment of economical theories that are conclusively proved to be wrong and hurtful [when and where?] by experience and reason. We find protection dominating the United States and Germany, two of the most advanced communities of the present day. (Preface.)

Mill writes, “Letting alone should be the general practice; every departure from it, unless by some great good [protection may be that great good] is a certain evil.” Senior Prendergast, the eminent Spanish economist, puts it thus: “If you lose confidence in the natural powers of the individual, and call upon the state to substitute its power, it is all over with the individual.” Professor Cairns comes more directly to the point: “When once the industrial classes have been taught to look to the legislature to secure them against the competition of rivals, they are apt to trust more and more to this support and less and less to their own skill, ingenuity and economy.”

Bastiat says “the best and most righteous economic world will necessarily result from letting things alone.” Merivale tells us, “Every deduction from the liberty of man as a free agent is, in an economic sense, a diminution of his powers.” ‘It is, however, when we turn to the civilized colonies of the English race that we find the most urgent need of the inauguration of free intercourse.’

At the present moment there is probably no single product of the earth which is not the native product of some portion of the British Empire. Within its borders exist every known variety of soil, climate and environment. This assertion has never before been possible of any other single nation. That this vast area of supply may be made the most of, may become self-supporting and autonomously prosperous, it must come under the beneficial influence of free trade. Its commodities must be freely interchangeable and freely producible without lets or hindrances of local or personal selfishness or ambition.' (p. 354.) This is solely in the interest of the mother country.

' Both of food and raw material, the British Empire offers an inexhaustible and cosmopolitan supply.' The colonies are to furnish food and raw material, the parent state the manufactured goods.

' But there must be freedom of access; and this is nothing more than *free trade within the Empire*.'

' It may be asked why have any of the provinces of the British Empire the right, how have they the license to adopt other than free trade principles? '

' By the imposition of duties for purposes other than those of revenue, a province of the Empire at once invades the domain of Imperial interests; at once challenges the control of the Imperial authorities.'

Mr. Bright, in a letter on Protectionism in the United States, has a strange confusion of ideas about protection and slavery. ' A people who put down slavery at an immense sacrifice are not able to suppress monopoly, which is but a milder form of the same evil (the object of the war was not the abolition of slavery but the preservation of the union. Monopolies, too, grow up more

under free trade than under protection.) 'Under slavery' Mr. Bright continues, 'the man was seized and his labour was stolen from him; under protection, the man is apparently free, but he is denied the right to exchange the produce of his labour, except with his countrymen, who offer him much less for it than the foreigner would give. If a man's labour is not free, if its exchange is not free, the man is not free.'

Surely the American living under protection is not restrained from selling the produce of his labour in England or anywhere else. In fact he has the advantage over the English labourer under free trade; he has the command of two markets—his own and the English—while the English labourer cannot get into the American market without paying heavy duties.

'The Imperial Parliament, before this latter-day development of self-governing provinces of great power and influence, never had its authority questioned or even appealed to in regard to the general commercial policy of the empire. Now the case is altered; and it is evident the Imperial authorities must resume this forgotten duty. But they must resume it, bearing in mind the fact that in the interval vested or prescriptive rights have come into being; various of these prosperous provinces have now an equitable right to a voice in the matter. In order to institute free trade in perpetuity for the British Empire, its self-governing communities must be brought to mutual and, in a measure, spontaneous agreement. The development of self-government has brought into existence the necessity on grounds, both of equity and of expedience, for an appeal based on the principles of voluntary union. The Imperial Parliament can indeed, and *should*, remain the constitutional guardian of some such new charter of union, once such a charter be instituted by mutual agreement.'

And under the strict terms of this charter will fall any future delegations of self-government, or of fiscal or other powers to separate communities of Englishmen that may, in the future, develop the acquisition of self-government.

Such are the rational means to this desirable end. That they are eminently feasible at the present conjunction of affairs is not to be doubted. They will derive great countenance and assistance from the silent but powerful influence of English opinion on the whole empire [not on trade questions]. English statesmen are the pick of a large and well-qualified field; and it is no wonder their utterances are treasured up and valued most highly by the statesmen of the colonies.

Some would seek to hasten this by a course of differential tariffs and other measures which should seek to encourage the provinces of the empire to consolidated action; but which should take no notice of the existing fiscal policies of any particular colony; which should draw no line but that between all provinces of the empire and free trade foreign states on the one hand, and, on the other, as beyond the sphere of such commercial charity, all foreign protectionist states. But there seems to be little need for such directly precipitate measures. There are but two or three colonies, out of the total number of fifty, that avowedly put in practice protective principles, or that impose duties on imports for the purpose of protecting their industries. All others are ready in principle to join in such a union; and there is nothing impracticable in the prospect of the various provinces of the British Empire banding themselves together, in their various degrees of constitutional spontaneity; and jealously maintaining a secured freedom of intercourse among themselves, as close a commercial union as that rigorously maintained by the citizens of the United States.'

'Yet whether by direct political action, or by these many means of indirect influences, certainly one of the gravest and most profitable tasks of English statesmanship, both of that which exercises itself in the crowded arena of the mother country, and that which rises to a vigorous life in her many provinces, is to aim at the consolidation of the empire in regard to the exchange of its products; the inauguration of a true free trade era; the commercial unification of the empire.'

CHAPTER V.

PROTECTION IN CANADA.

The chief home of manufactures and commerce on this continent will, we believe, in time, be in Canada. The physical features of the country—the innumerable streams and waterfalls, the rich mineral resources, the vast areas of the finest food producing zones, and the invigorating climate, point to Canada in the *new*, as to the northern half of Europe in the *old* world, as the centre of the chief industries, of commerce, of wealth and power.

That the southern parts of North America were settled before the north, is what any one acquainted with history would have predicted. Europe was first settled in the south. But here in time, as in Europe, population, manufactures, commerce, wealth, high civilization and power will be found in the north. The greater amount of life in the northern character is seen in their valour in war, in their energies in peace, in manufactures, in commerce, and in all the walks of life. The people of Europe, living in latitudes and climates corresponding with Canada, are

more vigorous than those south of them, and are capable of the long-sustained labour necessary in the heavy industries. An eminent Frenchman, at the Exhibition in London in 1862, said to the writer, after passing through the English and French departments: 'We cannot compete with you in the heavy manufactures; our men could not do the work your men do.'

Climates are permanently the same, and their effects upon the animal and vegetable kingdoms in the old world will be reproduced in the new. Climate, here as there, will have the same effect upon the physique of man. Those regions in the old world lying in latitudes and position similar to the greater part of the United States are inferior for the abode of man to those which correspond with Canada.

Harvey Philpot, M.D., Assistant Surgeon for 21 years to Her Majesty's forces in the Crimea and Turkey, says:

'Canada is an exceptionally healthy country. I do not hesitate to make the statement after seven years in the country engaged in an extensive practice. As a race the Canadians are fine, tall, handsome, powerful men, well built, active, tough as pine knots, and bearded like pards!'

Marshall, in his work on Canada, says:

'I am persuaded that, despite its severity, the climate of Canada is one of the healthiest in the world. It is expressly fitted to develop a hardy race. The fact of the generally healthy condition of the people, the splendid development of the men, the preservation of the English type of beauty of the women, may be taken in proof of the excellence of the climate. The Canadian is well proportioned and vigorous, often tall, with broad shoulders, sinewy frame, and capable of great endurance. He is quick of resource, enterprising, sober-minded, persistent, and trustworthy.'

The sons of the British Isles and of Norway have certainly not degenerated here. The old race bids fair to attain a new vigour.'

HOW TO ESTABLISH AND DEVELOPE NATIVE INDUSTRIES.

THE most urgent want of a nation is profitable employment for the great mass of the people—work for the million. Canada has broad fields and abundant occupation for the robust, for the mere agricultural labourer: but little for the less hardy, and for those who may prefer mechanical, manufacturing, or mercantile pursuits. Hence these classes of our population leave us, and artizans from the Old World shun our shores, as they can find no employment for their skilled labour.

In a new country, too, like Canada, essentially agricultural, one of the chief wants is markets; and good markets mean good profits and good wages; they stimulate production and lead to wealth. Where all are producers of an article there are no markets. If all, or most, as with us, are farmers, the products of the field find no purchasers—or but few; profits are poor.

"It is precisely because British farmers have their customers—the British manufacturers—almost at their doors, and that other corn producing countries have not any manufacturers, that British agriculture is rich and thriving."—*How to farm profitably*, by Alderman Mecchi, 1864.

"The increase and riches of commercial and manufacturing towns contribute to the improvement and cultivation of the countries to which they belong in three ways—1. By affording a great and ready market for the rude produce of the country."—*Adam Smith's Wealth of Nations*, B. 3, S. 4.

To have good markets, we must have consumers who are not producers of what is offered for sale. We must have home mar-

kets for a hundred products of the garden and the field too bulky or perishable to bear the transit to foreign countries.

Canada has poor markets, little capital and a sparse population; England good markets, abundance of capital and a dense population. In Canada—the new Dominion—there are but ten souls to the square mile; in England and Wales nearly four hundred; in Belgium four hundred and thirty; in Massachusetts one hundred; and in New York ninety. Population we must have, not merely in bulk, but of all those classes necessary for a complete and independent nation, and for a full development of the resources of the country; and capital for utilizing our vast resources.

How are we to get these? Wait for centuries, say a modern transcendental school. You are yet young. Time is all that is wanted. But England has grown more in population and wealth in the last one hundred years than during the previous twenty centuries; or taking the one thousand years of her history from the establishment of the Saxon Heptarchy, she has advanced more in all the materials of national prosperity in the last one hundred years than she had in the previous nine centuries. Why then should we fold our arms and wait a thousand years? Africa, Asia, and America, (until her settlement by Europeans) had remained what we know them to have been from time immemorial, under this *laissez faire* doctrine.

What gave Old and New England, Holland and Belgium, the power to outstrip all other people in the race of prosperity; what is leading France, Russia, the German Zollverein, and the United States to the great development of their wealth, and what is now impoverishing Ireland, India and Jamaica? If England has added more to her wealth in fifty years than in the previous

twenty times fifty, why may not we prosper in the same ratio ? A century and a-half ago England had a population little more than Canada has to-day. Now she has twenty millions, three-fourths of whom are occupied in manufactures, commerce, and other pursuits unconnected with the soil, giving good home markets, helping to bear the burdens and aid in the defence of the state. We are a young nation, it is said : but the people are the nation, and we are individually as old as other people, and may avail ourselves of all those agencies that have given such sudden riches to other countries. These are chiefly manufactures and commerce. With them we get that illimitable power—steam—which in England alone is capable of doing more work than the ten thousand millions of fingers of the human family. With this vast creative power we can give employment to our own people who now so largely leave us, and we can draw to our shores others with capital and skill. What then are the means by which we can obtain capital, population, and skilled labour, manufactures and commerce ; by which we can keep amongst us our young men and women ; call to our shores a greater tide of immigration ; secure that power more prolific than all others in the creation of wealth ; prepare in peace, by the establishment of manufactures, for the day of trial in war.—What is the policy by which a young country in want of all these can secure them ? This is the question of questions with us. An old country, overburdened with all the agencies for the creation of wealth, in active operation, can form but a faint conception of the condition, and can, therefore, be but a poor counsellor, of a young country in want of all these.

We cannot, therefore, take the advice of England in these matters, although we might safely be guided by her *example* running through many centuries, and before she yielded to the

teachings of those whom Mr. Gladstone,—himself a free trader,—called the philosophers of the seventh heavens. English manufactures and commerce were fostered through their whole history by the most rigorous and persistent protection. Under Charles the Second, two centuries ago, the iron, brass, silk, glass, paper and hat manufactures, were introduced from the continent ; wool-dyeing from the low countries ; and glass and crystal from Venice ; all fostered by heavy protection, the customs chiefly, with the small excise duties, amounting to nine-tenths of the whole revenue of the kingdom. Many of these industries, after flourishing for two centuries through protection, have perished under free trade since 1846. This is true of the silk, woollen and lace of Ireland ; and of the glove, paper and some minor manufactures of England. Other industries, such as silk, woollen, cutlery, machinery, steam engines even, and ship-building on the Thames, have been most seriously impaired by foreign competition. In both the Indies, free trade has wrought a similar ruin. But Russia, since her sad experience of free trade till 1821, has persistently adhered to protection, and manufactures have sprung up and are flourishing over that vast empire. Her imports indeed have diminished, but her home products have increased immensely, her home markets improved, her people employed, wages better, and the industries of the empire rising to importance.

English capitalists have always invested their money in the United States under high protection rather than in Canada ; and emigration has sought the same destination often through direct British agency. Such is the recompense the free-trade manufacturing and commercial circles of the parent state mete out to us in return for low tariffs.

Frederick List thus speaks of the effects of a low tariff in the United States, and the consequent influx of foreign manufactures, the contraction of native industries and the non-employment of her people :

"There are many who impute the commercial crises of the United States to their paper and banking systems,* but there can be no doubt that the evil originated in the compromise (Free-trade) Bill (of 1832) in consequence of which America's imports soon exceeded her exports, and the United States became debtors to England for several hundred millions of dollars, which they were unable to cancel by their exports. The proof that these crises must chiefly be ascribed to the excess of imports lies in the fact that they invariably occurred in times of great influx of foreign manufactures in consequence of a reduced tariff ; and that on the contrary they never took place either in time of war, when few imports could take place, or when, by the high import duties, the exports had been brought into just proportion with the imports. In 1789 the first American tariff was framed, imposing a trifling duty on the most important articles ; its effect on the prosperity of the country became so manifest that Jefferson, in his message in 1801, congratulated the nation on the flourishing state of manufactures and agriculture. Congress raised, in 1804, the duties to 15 per cent., and in 1815 the manufactures of the United States employed 100,000 hands, and the annual amount of the products was \$60,000,000, while the value of land and the prices of all sorts of goods and wares rose in an extraordinary degree." The tariff was lowered in 1818 ; raised in 1842 ; lowered in 1852 ; raised in

*The irredeemable paper money was caused by free trade. Under this policy the country was drained of specie to pay her foreign debts incurred by heavy importations, and paper money was issued to take its place ; having no specie basis, it was of course depreciated.

1842; lowered in 1849; raised in '61 and again in '67. A crisis or great depression followed the lowering, and prosperity the raising of the tariff in all these instances.

Free trade in 1846 took away from Ireland their protection for the farm and the dairy; the famine of 1847 followed, and the population of that unhappy land, by famine and emigration, has been diminished by three millions. Their manufactures ruined, their land impoverished, like all lands that export their chief products in raw material, the people, starving at home and without employment, fled in hundreds of thousands to the manufacturing towns and fields of England, offering their labour for their food. To protect England against these starving myriads, Parliament had to interfere against the new-born creed, the let-alone creed of free traders, and by Act of Parliament force Irish landlords to retain and feed those to whom they could give no work. Thus the fatal effect of the Manchester theories, only partially put in force, must be restrained by the strong hand of government.

In Ireland, as in India, there has been ruin pure and unrelieved by any of those modifying and saving resources for the displaced labourers so surely predicted by the disciples of free trade.* Neither in India nor in Ireland have the operatives, counted by millions, driven from their old employment, found new ones in their own land.

A member of the British Parliament and a free trader, Dr. Bowring, gives us this picture:

“I hold,” he says, “in my hand the correspondence on the subject of the Dacca hand-loom weavers. It is a melancholy story of misery. Some years ago the East India Company annually received of the produce of the looms in India, six or eight millions

*McCulloch's Pol. Eco. ch 5.

of pieces of cotton goods. The demand gradually fell, and has now nearly ceased. (A similar result is given as to the trade of the West Indies and Portugal.) Terrible are the accounts of wretchedness of the poor India weavers, reduced to absolute starvation, and what was the sole cause? The presence of the cheaper English manufactures. Numbers of them died of hunger; the remainder were for the most part transferred (only to a limited extent as appears from the correspondence from India) to other occupations." In this correspondence the Governor-General says:

"European skill and machinery have superseded the produce of India. The Court declare that they are at last obliged to abandon the only remaining portion of trade in cotton manufactures in both Bengal and Madras, because the British goods have a decided advantage in quality and price. The Dacca muslins, celebrated over the whole world for their beauty and fineness, are annihilated from the same cause, and the present suffering to numerous classes in India is scarcely to be paralleled in the history of commerce."

A natural result, say free traders. Let the Hindoos seek other employment. This they could not do; but what mattered it, so long as Lancashire prospered? It would have been wiser, certainly more humane, to aid or encourage the poor Hindoos to adopt modern improvements. By impoverishing communities the English free trader destroys his own markets. He does not economize labour; he annihilates it. He makes a desert in India and calls it free trade. One hundred thousand well-to-do Canadians or Australians are better customers of Manchester than one million Hindoos after a thirty-five years tutelage in the school of Cobden and Bright. The cheaper manufactures of the continent are doing for England's operatives what she did for the

Deccan, Jamaica and Ireland. Her million and a-half unemployed cannot be absorbed into other business. They must go abroad or perish.

We advocate such an adjustment of the tariff as would encourage those industries for which our country is well adapted, leaning always towards customs duties rather than to excise or income tax.

The most uncompromising protectionist would not advocate the imposition of discriminating duties for the purpose of building up, in the present state of the industrial arts in Canada, manufactures of articles of mere luxury, those in little demand, or requiring vast capital—such, for example, fabrics of high price, or the finer cutlery. These, besides not being bulky, are of easy and cheap transit.

The question of protection arises at first as to wares in general use, of simple manufacture, and those for which we have the raw material, or where it is easily obtainable. Take here but one example: We have sent our wool and flax—and until recently all of it—to England, as England sent hers to Flanders two and a-half centuries ago. We paid all the costs and charges of these on land and on the ocean, and on both sides of the Atlantic, from the field to the factory. We sent breadstuffs after them to feed the operatives while working up our raw materials; and agricultural products are heavy and their transit costly. We then pay all the expenses of bringing back the fabricated wares to our doors. But by now protecting these manufactures, we have drawn the capital and labour to our own shores, as formerly Old and more recently New England did, and reap, as they have, the constantly expanding benefits arising from such new industries and increased populations.

Some of the advantages to this country from such an adjust-

ment of our tariff as would secure the establishment of manufactures like those ~~now~~ may be briefly stated. We need not here repeat the ~~reasons~~ we have made to the origin and history of the industrial arts in those nations where they have flourished most; but we have said enough to show that they have sprung up and grown chiefly, almost exclusively, under the aegis of protection. Successively in Holland, in Belgium, in France, in England, in Russia, in Germany, and in the United States, protection was extended, not only to their industries at home, but in their navigation laws, extremely exclusive, in fostering their commerce and shipping, as well against their own colonies, when they had any, as against foreign nations, on every coast and over every sea. But manufactures in those countries succeeded in spite of protection, not by it, say these *visionaires*, whose theories rest on no facts, but float in the mind, like the mirage in the clouds, unsubstantial and unsupported. We prefer, in questions of economic and political science, at least, to be guided by the teachings of experience, which, in the founding and developing of manufactures, is all on the side of protection, leaving the free traders nothing but visions to build their theories upon.

Then what is the result in one third of a century of this new policy upon the manufactures which the wisdom of our fathers had raised to an excellence and reduced to a cheapness that drove all competitors out of the market? Let the late English papers and periodicals answer the question. Two facts stated tell the whole tale: The custom house officers along the Thames, says a writer (a free trader, too, be it understood,) in *Blackwood*, will tell you as they told me, that England has become, in the main, a country which exports raw materials, and that the bulk of manufactured goods consumed by the people of England is of foreign production.

The second statement is a necessary consequence of this, that never, within the memory of living men, were there so many of the working classes out of employment. "Sir," was the remark of the custom house officer, "we are going down hill as fast as we can. The foreigner not only beats us in the cheapness of his articles, but he imitates our trade marks, and sells in England many a bale of his own cotton cloth." The tale is a very simple and natural one. The foreigner can manufacture cheaper than the Englishman. Free trade England exports the raw material, imports the manufactured stuffs, ruins her industries, throws her artizans out of employment, and then supports them by alms or drives them abroad. Recent numbers of the London *Times* give accounts of the most heart-rending destitution in Manchester, in that great centre of free trade; as many are now receiving alms as in the worst period of the Lancashire distress during the American war.

While referring to the greater development of many manufactures in countries under protection we do not attempt to prove the failure of free-trade in England by its history in such a country in thirty-five years. But having quoted it as an example of rigid protection for two centuries, we have but glanced at the effects of the counter policy (and that but partial) for a quarter of a century. If anywhere, free trade ought to succeed in Britain. She had the start of all the world : 1. In the superiority of her iron trade which had attained such excellence under protection ; 2. In her steam power and machinery ; 3. In her mercantile marine ; and in her coal beds, iron mines and vast surplus capital. But our business is chiefly with the establishment of manufactures in a new country like Canada.

What are some of the benefits, which protection, such as we

have indicated, might be supposed to bestow upon this as it has upon other countries?

1. It would secure the necessary capital and labour for these new industries. Food being abundant and cheap, taxes light, the raw materials at hand or easily obtainable, and unlimited water power, point to Canada as possessing facilities to make her one of the best manufacturing countries.

2. Competition amongst ourselves is sure to bring prices here, as it has elsewhere, to as low and probably to a lower figure than they were before. Some farmers in Canada were supposed, a few years since, to be making money by growing hops, and hundred of others at once planted hop-yards, to their injury no doubt. As just stated in the case of the iron manufactures in England, the price was constantly falling through a period of 150 years, with gradually increasing duties, and duties multiplied fourteen-fold. So at the present day in France, Belgium and Germany, under protection, mostly high and increasing, prices of a great variety of articles have fallen so low that they can bear the expense of transit and undersell England in her own markets. The multiplication of factories must necessarily reduce prices. If two bales of goods are brought into a market where there was but one before, prices must fall. In a new country, where there are no home industries, the competition is solely amongst the importers, and they are chary of over-importation. But native workshops, when well established, supply the wants of the community, in whole or in part, and then commences a sharp contest amongst the manufacturers, and between them and the importers, which invariably brings down prices. The cry of the free-trader, that protection is a monopoly—the taxing of the many for the good of the few—finds no support here, for the many are in the

end benefitted in the reduction of prices. And this is but one of the many advantages flowing from the establishment of native industries.

3. The existence of manufactures in the country would keep amongst us those of the population (never an inconsiderable portion) who, through inclination or in defect of physical strength for mere hardy occupations, enter upon manufacturing and commercial pursuits. Every year we lose a large population, mostly young men and women, who cannot find employment in a purely agricultural country ; a population, too, more valuable to us than recent immigrants.

4. These manufactures would bring to our shores some portion of the tens of thousands of skilled mechanics who now go to the Republic. If we could estimate the value of such skilled artizans to a new country, we might form some near conception of our irreparable loss. Why is it that our Government and emigrant agents sent through Europe every year the warning voice that none should come to Canada but agricultural labourers ? In obedience to Manchester, we legislated to keep down manufactures, or at all events we did not encourage them, and then in obedience to our own suicidal policy, we were forced to warn off those workers, those chief creators of a nation's wealth ; while our neighbours protected these industries, and then herald the invitation in every country and town and hamlet of Europe for artizans and skilled labour. The result is that the fifty colonies of Britain get but two out of five of the emigrants from even the British Islands, the others going to the United States ; that during the last seven years three millions of immigrants have landed in New York alone—a number equal to the entire population of Canada before Confederation. These three millions, all of whom bring more or

less capital, make a nation in themselves, equalling any one of the forty out of the fifty kingdoms of Europe. This vast increase, and their industry, go to swell the population and wealth of that country instead of being added to the British Provinces. English capital, too, follows her emigrants.

5. Such an increase of population, the result of manufactures, creates local markets for much produce of the garden and field now not saleable. Why are there so few gardens in the country? Near all large towns, near all great workshops, garden produce commands good prices, twice or thrice higher in Old and New England than in Canada. Gardens in even rocky New England have been known to yield \$176 per acre. A century and a-half ago there was not a town in Britain, London excepted, with a population of 30,000. Manchester had but 6,000; Birmingham, Liverpool, Leeds and Glasgow not more than 4,000. Now London has 4,000,000; Manchester, Liverpool and Glasgow, half a million each; thirteen other cities have each from 100,000 to 220,000; and twenty-three others, 40,000 to 100,000. The eight millions of people in these forty cities, and the additional millions in the one hundred large towns throughout the kingdom, are consumers and not producers of agricultural products, and the country for miles around is turned into gardens for their supply, very inadequately indeed, for countries beyond the seas are put under contribution, and even we, 4,000 miles away, feel the pressure of want from those millions of mouths. In want of these hives of industry, our products of the farm and the garden, which are heavy and costly of transit or perishable, have no markets.*

* Washington, Jefferson, Monroe and other great men in the early history of the United States, were farmers and never manufacturers, but encouraged manufactures by bounties and protection,

6. With markets better and steadier than before for our now unsaleable products, we could adopt the most approved systems of farming in the rotation of crops. By confining ourselves at first to wheat, which will alone pay for transit abroad, and then to a few of the coarse grains, we rapidly exhaust our soil. Indeed, the great wheat-growing regions of this continent have, within twenty or thirty years of their settlement, been, from this cause, rendered useless for the production of that cereal. With markets for roots, vegetables and the coarser grains, such as manufacturing populations would give, we might restore our impoverished soil and do much to save our now virgin lands from a like fate. The average yield of wheat has fallen with us from 40 to to 15 bushels per acre, in Britain it has risen. The total amount of waste in the mineral constituents of our grain exported instead of being consumed in the country cannot be less than one hundred million bushels annually. This one beneficial result would be worth countless millions to Canada; and yet it is only a collateral advantage flowing from the introduction of these home industries.

7. The establishment of a few or even of one manufacture would give rise to others, for the efficient working of one industry demands and creates new ones. These act mutually and favourably upon each other. The beginning is half the battle.

8. They work up much raw material which in this country is thrown away. We can here but indicate the kind of waste we refer to. In Canada gas is from 15s. to 30s. per thousand cubic feet; in England 4s. From the great demand for dyes in her manufactures, gas companies there extract colouring matter from the refuse of the coal, which here is thrown away. We don't of course forget the higher price of coal in Canada; but the chief cause of the difference in the price of gas is that just stated. In a

purely agricultural community materials are allowed to perish, which, in manufacturing countries, are turned into fabrics and wares worth, or sold for, millions. What vast wealth or elements of wealth perish every year in the devastation, in the barbarous hewing and hacking, of our noble forests. Look at the mighty water power throughout the length and breadth of the Dominion, spent for ever for want of the mill and the wheel to turn it to use. The riches of our mines and forests, of flood and field, are wasted or lie dormant through ignorance of our true interests.

9. Manufactures add another population to the agricultural ; and these again give rise to commerce and shipping with their kindred industries, and thus superadd another population. These several classes re-act favourably upon and support each other. These again create and support other classes, professional men, bankers, literary men, miners, brokers, clerks, &c., &c. As England, with her numerous industries, has five men to support and defend the state where, as an agricultural country, she would have but one, so might Canada have five where she now has but one. For England, purely agricultural, could not maintain more than four millions ; but by the favourable re-action of the other classes five millions may live by agriculture. Now England, agricultural, manufacturing, mining and commercial, would easily support twenty millions of people. We refer to England only.

10. In estimating the productive power of a country we are not to take into the account the population merely. That of England is but twenty millions ; yet her machinery is capable of doing more work than the one thousand millions of the human family. Its expansion, its creative power, is practically illimitable. This vast power is the growth of the last half century, and the great wealth of England has been created chiefly within that

period. By being mere producers of the raw material, we remain the bewers of wood and the drawers of water to the workshops of wiser communities. With this vast motive power, fifty years hence might see us equal in population and wealth to the England of to-day. Our vast material resources, our forests and peat beds, the coal of Nova Scotia, New Brunswick and Prince Edward Island, the fertility of our soil, the salubrity of our climate, the vigour and activity of our people, give us all the natural advantages we could wish. It is for us to improve them.

11. We have only to point to the great prosperity of the United States to show the enormous gains accruing to a young country from the labour and machinery introduced under high protection. This example in a country having so many points of resemblance to our own should have the greater weight with us. If it be said that this prosperity has been at the expense of the West and South, we reply : 1st. That of the positive increase of wealth in the nation there can be no question ; 2nd. That from the introduction of free-trade in England, in 1846, to the American Revolution in 1860, the growth in material prosperity and the expansion of trade, were greater in the Republic under protection, high and stringent as it was, than in England under free-trade ; 3rd. That the West and South have grown wonderfully in wealth during that period, and at no time have suffered under protection, as Ireland and various parts of England under free-trade have, and do, even at this day.

12. Manufactures would give us employment of four capitals where now we have but two. We produce, for example, some ten million pounds of wool annually. One capital is expended in the purchase of the pasture, in stock, &c., and every year after in labour ; another capital changes hands on the sale of wool, which

at 2s. per lb. would be £1,000,000. Without manufactures the expenditure of capital ends here—with them we have a third in machinery, in labour, etc., say £1,000,000; and fourthly the receipts from the sale of these fabrics. We would have similar results in the growth and manufacture of flax and timber, in iron, copper, lead, gold, silver, marble, slate, salt, coal, oil, leather, sugar, glass, etc. From any one of these raw materials in which our country abounds, there would spring several industries, in all of which similar capital and labour would be expended. Here would be at least fifty industries, with £1,000,000 invested in each, thus throwing upon the community £50,000,000 annually, changing hands within, and not going out of the country. When these materials are sent abroad we are deprived, in the first place, of the population engaged in those fifty kinds of industries; secondly, we lose the benefit of two out of four capitals in each, which would be spent in a foreign country; thirdly, we must pay 100,000 middlemen, in brokers, boatmen, labourers, etc., in the transit of our raw products, for this expense comes out of us; fourthly, our land is thus impoverished, and in return we get only the lowest benefit—that from the first rude labour; fifthly, we get none of the other collateral benefits, arising from working up the raw material on our own soil. We lose the series of markets growing out of these arts. The manufacturer pays to his artisans, machinists, etc., say £1,000,000; these again disburse it to the baker, butcher, gardener, farmer, draper, hosier, hatter, etc. After running these bounds it gets back to the manufacturer, and through him again to the producer of raw material.

Look now at Ireland since the introduction of free trade in 1846, at Lancashire since 1862-3, and at most English industries of the present day, in which the English free trader finds his ground cut from under him by the Gaul and German protectionists.

Markets abroad are taken from him through the too sharp competition of foreigners ; there are no home ones to fall back upon—these had already failed. The manufacturer puts his men on short time ; then closes his shop. His artizans have not the millions for the tailor, the butcher, the gardener, etc. • the series of markets are broken up ; the shopkeeper is ruined ; less demand comes back for the manufacturer. He, too, must close. A brief struggle with want and fitful charity ensues ; then thousands, if not millions, must flee from their homes and native land.

13. These factories would be cheap industrial schools for the education of our youth. They would keep the idlers from our streets and make them good members of society. For every child should be taught some trade or calling. The state should require this, and save our youth from becoming vagabonds. This would do much to crowd idleness, then crime, out of our streets. Every hour's work makes man a better being and better member of society. We instinctively admire the genuine hard worker. All the energies of mind and body are bent, if not always on a noble, never on a bad end. Government is bound on national grounds to see that every member of the body politic is educated to take care of himself. Every man's property would be worth more by it. The nation would be better and stronger.

14. But another consideration, not well defined nor even expressed, is often present to the minds of the historian and the statesman. War may come to us, as it comes to all countries. Scarcely a generation passes without leaving traces of its devastating effects. War may come to us in our infancy and in our helplessness, as it did to the thirteen old colonies and to the Southern confederation. We might suddenly find ourselves involved in a life and death struggle with a powerful enemy. Shut

out from the sea, without factories to create the materials of war, and without clothing for our soldiers and people in a Canadian winter, labouring at the same time to organize an army and to equip them, to support our people and defend our soil. Suppose it were true, as theoretical free traders teach, that our attempts to establish manufactures would take money from our productive industries, how small an evil would this be in comparison with what we would suffer in such a war without the manufactures necessary for the emergency. The spinning-jenny carried England through the wars with Napoleon. The factories of the North conquered the South. The weavers and blacksmiths of England would now be invincible in any war. They furnish the sinews.

The first customs tariffs of Canada were for revenue. The Act of 1849 imposed a duty of $12\frac{1}{2}$ per cent. upon most goods; and $2\frac{1}{2}$ upon bar iron and heavy iron. In 1856 the duty on general merchandise was raised to 15 per cent. and on the manufacture of leather and India rubber to 20 per cent. The first act passed in the interest of protection was that of 1858, imposing a duty of 20 per cent. on general merchandise and of 25 per cent. on the manufactures of leather, boots and shoes, harness, saddlery, and some kinds of wearing apparel. The act of 1859 raised the duties on many goods and classified them under customs dues of 100, 40, 35, 30, 25, 15 and 10 per cent.

The customs acts of 1866-7 lowered the duties imposed in 1858-9. In 1874 the duties were chiefly for revenue, being increased on most articles.

The customs act of March 1879 was the first enacted in the interest of protection, pure and simple, to native industries. It has now been in operation three years, and its results have more than met the expectations of its supporters. The Finance Minister,

in his last Budget Speech has given some interesting statements as to the working of the act of 1879. In looking over the history of protection in Europe and in the United States, we have found no instance where the first act in the interest of protection has worked more satisfactorily than the Canadian act referred to.

Extracts from the Budget Speech of Sir Leonard Tilley, 24th February, 1882.

Sir, it is customary, I find, with our friends opposite, when addressing either their own constituents or other constituencies in different parts of the Dominion of Canada, to refer to the present state of things as alone the result of large exports during the last two or three years. I have made up a statement to show that the present state of the country cannot be the result of largely increased exports of the products of Canada.

Considering the average population from 1874-78 and the average population during the past three years, we shall find that the then state of the country as compared with the present, or the present condition of the country as compared with its condition then, is not due entirely to that cause or to causes quite outside the National Policy. I call attention to that because it is of importance to show that, during the five years that our friends opposite were in power, the value of the exports, being products of Canada, was but \$1,700,000 a year less, with a smaller population, than it was during the three years the present Administration have been in power.

I am prepared to show, from the data I have before me, that, if the hon. gentleman opposite had collected from Customs, Excise and Stamp Duty money enough to pay their expenditure, and if the present Administration had collected simply money enough to pay theirs, upon the average population of the five years they

were in power and the three years we have been in office, the figures show that 23 cents per head less would have been collected from the people of Canada during the last three years than during the five years that my friends opposite were in power. There were collected from Customs, Excise and Stamps, in 1874-75, \$20,664,878.96; in 1875-76, \$18,614,415.02; in 1876-77, \$17,697,924.82; in 1877-78, \$17,841,938.19; in 1878-79, \$18,476,613.35; making a total of \$93,295,770.34. The deficits during the five years were \$5,491,259.51. If the deficits had been collected and added to the sums above, it would have amounted to \$98,787,039.85. The average for the five years was \$19,757,408.97. The average population for this period being 4,050,674, the per capita tax during that period was \$4.88 per head. These are the figures and these are the results. There were collected from Customs, Excise and Stamps, in 1879-80, \$18,479,576.44; for 1880-81, \$23,942,638.95, making a total of \$42,421,715.39. Deducting the surplus for the two years \$2,589,515.36, leaves \$3,9832,200.03. The average for the two years of taxation was \$19,916,100.01, being, on a population of 4,282,360, \$4.65 per head during the last two years, as against \$4.88 during the other period. Now, Sir, it may be said, but you collected more. We admit it; we collected \$2,900,000 in the two years more than was required for the expenditure. That was the surplus for the two years, and, having been used in the reduction of the debt, diminished our taxation for all time to come.

THE DUTY ON COAL.

Then, Sir, we were told that this tariff would be oppressive to a certain section of the Dominion of Canada by the imposition of a duty on coal, while it would do no good whatever to Nova Scotia or other portions of the Dominion where there are large

coal deposits. When I was asked by an hon. member opposite in 1879 what increase of the consumption or what demand the Government expected to create for Nova Scotia coal by the operation of the tariff, I stated that probably within a short time the consumption of Nova Scotia coal in the Dominion of Canada would increase to the extent of 400,000 tons.

I did not suppose, Mr. Speaker, sanguine as I was with reference to the effect of this tariff, that in three years, by the increased demand for steam power, it would make a demand which would require over 400,000 to meet it; but we find that these industries have been growing up all over the country to such an extent that it has required more than 400,000 tons more from the Nova Scotia miners, and has also caused a largely increased amount to be imported from the United States as well.

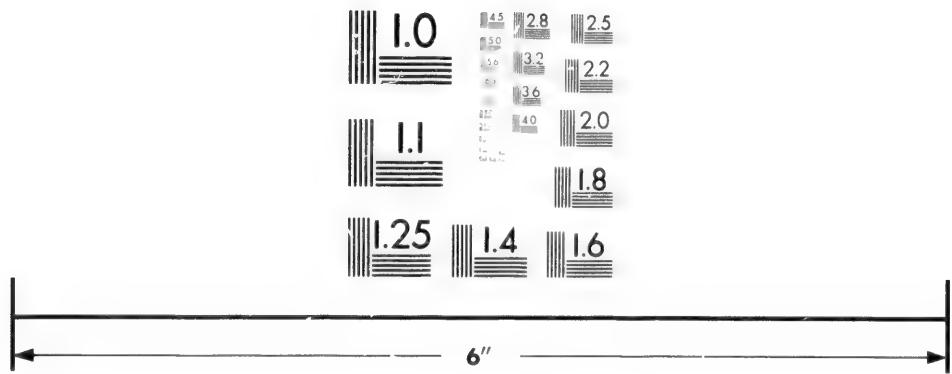
In 1877, 757,000 tons of coal were raised in the mines of Nova Scotia; in 1878, 770,603 tons; in 1879, 788,271 tons, in 1880, 1,032,710 tons; and in 1881, 1,116,248 tons; and to be added to that, there were in British Columbia 214,243 tons, against 145,542 tons in 1878, or a total of 916,145 tons in 1878, against a production in 1881 of 1,333,391 tons, being an increase of 417,246 tons per annum.

THE SUGAR TRADE.

There was another very grave objection brought to this policy, and that was, that when we imposed an additional duty upon sugar refined in any country that granted a bounty—that is, when we provided that on the importation of sugar from any country that granted a bounty the *ad valorem* duty should be levied on the duty-paid value of such sugar, and when we increased the duty on raw sugar 5 per cent., and the duty on refined sugar 10 per cent.—hon. gentlemen opposite said this was an outrageous pro-

ceeding, that the loss to the Dominion of Canada might be counted at least by a million of dollars—\$900,000 to \$1,000,000—and it would be better, said our friends of the Opposition, to take all the men that would be employed in these refineries proposed to be put into operation and board them at a hotel and pay their bill than to introduce this policy. Now, what are the facts that have developed during the last few years? Last year, I think, or the year before, the ex-finance minister intimated that we would lose \$900,000 of revenue; and the leader of the Opposition stated here and at a public dinner in Toronto, that under the operation of this policy we lost during the years 1879-80 \$600,000 of revenue, and that the people of Canada paid \$600,000 in increased price for the sugar which they consumed, so that the sugar monopoly, as he termed it, cost the people of the Dominion of Canada \$1,200,000 a year. I stated in my place in the House last Session in answer to that hon. gentleman, when he said a loss of \$600,000 revenue had taken place, that the returns laid on the table perhaps justified the hon. gentleman in making the statement, because they showed that, in the year 1880, there had been \$600,000 less of revenue collected from sugar than in 1879; but I pointed out that the revenue collected in 1879 was \$300,000 more than it would have been if they had not imported in January, February and March, before the tariff was changed, \$1,000,000 worth of sugar more than they usually imported in these three months; so that there would not have been an apparent loss of \$600,000 if the \$300,000 had been credited to that year; and, further, that from the returns laid on the table of the revenue collected for the first six months of that fiscal year it was clear that the revenue to be received during that year would be equal to, if not above, that collected in any previous year. What has been the result? The figures that

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I am now quoting can be found in the trade and navigation returns, and they show this: that during the last year we paid into the Treasury for duties on sugar \$154,910 more than the average for the five years previous and under the tariff of the hon. gentlemen opposite, justifying the statement I made, and showing that as far as the present tariff is concerned there is no loss, or comparatively no loss, of revenue, because if we add \$800,000 to the value of the sugar imported—and that \$800,000 is represented by freight from the West Indies, the labour in the refineries, coal consumed, interest on capital and other expenditures—and you add 43 per cent., the rate of duty collected in the year 1876-77 on the sugar imported, with the sums named added, then it would only give \$40,000 more than we collected last year. There is the fact that \$154,000 more were received during the last year than the average of the five years previous; so much with regard to the anticipated loss of revenue. A few words with respect to the cost of sugar to the consumer. When I made the financial statement last year, I had obtained from reliable sources a return showing the comparative prices in New York and Montreal, when we had but two refineries in operation. I stated that as far as the prices of granulated sugar were concerned it appeared that those paid by the consumers in the Dominion were 25 cts. per 100 lbs. more they would have been if the sugars had been imported under the Tariff of 1877-78; but I might have added, as I propose to add now, that that calculation did not take into account the profits of importers, the middlemen between the New York refiners and the men who bought and sold the sugar here. Still, I admit that as regards granulated sugar, omitting the profits of the middlemen, there was the difference of 25 cents per 100 lbs., the yellow refined sugars being much less than it could have been

imported for under the Tariff of 1877. I have now a carefully prepared return showing the values during two periods in each month in New York and Montreal, deducting the drawback and adding 30 cents per cwt. as the expense of importation; this calculation does not include 50 cents per cwt. profit on transactions between the New York refiner and the Canadian consumers; giving the consumers the benefit of that also, there were still 7 cents less charged to the people of Canada on that line of sugar than if it had been imported from New York under the old Tariff; adding the profits of the middlemen, the saving was 57 cents per 100 lbs.; and with respect to other refined sugars, the difference was much greater. As far as the revenue is concerned, there has been no loss, and \$800,000 were probably expended in Canada in refining sugar, in freights, and in cost of coal. What have we in return? I explained this very fully last year, and showed what the effect of establishing refineries had been. There are now employed 1,000 hands in the cane sugar refineries, or 1,100, including those connected with the beet root sugar industry. Those men, most of whom have families, require food, clothing, tenements, and everything that the merchants, manufacturers and farmers supply; those men are employed in this country at remunerative wages, whereas they would have removed to another country if it had not been for the policy that rebuilt those industries and placed them in motion. Then we have 400,000 tons of coal raised from the mines of Nova Scotia, giving employment to, perhaps, 1,000 men additional—60,000 tons of the 400,000 tons increase in the production of the Nova Scotia mines being used in the refining of sugar. Thus employment was given to the miners, a market was afforded to the coal owners, business was provided for vessels and railways, 60,000 tons of vessels being

employed in conveying raw sugar from the West Indies to different ports of the Dominion, something like 90 per cent. of the whole coming direct to Canada, instead of 6 per cent. as in 1878. Employment was also given to coopers, and, in one section of the country I visited, the timber on the land had increased in value because of the demand for the particular kind of wood used for sugar casks. Everywhere, in the extension of trade, increased machinery was required and in operation, and additional employment was given to the people. It was alleged that this Tariff would fail either as a revenue producing Tariff or as a protective Tariff. What evidence have we that hon. gentlemen opposite were mistaken on that point? There are various ways of ascertaining the increase of industries as the effect of the Tariff. The one which I shall now present is to show how the quantity of raw material consumed by manufacturers has increased since the adoption of this Tariff.

RAW COTTON, HIDES AND WOOL.

I will take up first the increased imports of the following raw materials used in manufactures, namely: raw cotton, hides and wool. These three articles, especially cotton, because there is none produced in the country, give a very fair idea of the increased value of the manufactures. The raw cottons imported in 1877-78 amounted to 7,243,413 pounds; in 1880-81, 16,018,721, pounds, or an increase of more than double in the three years. Hides imported in 1877-78 amounted in value to \$1,207,300; in 1880-81, \$2,184,884, or nearly double. Wool imported in 1877-78 was 6,230,084 pounds; in 1880-81, 8,040,287 pounds. Wool exported in 1877-78 amounted to 2,445,893 pounds; in 1880-81, 1,404,123 pounds, giving an increase of imports of 1,810,000 pounds and a decrease of exports, which shows that there was a

consumption in 1880-81 of Canadian wool over that of 1878 of 1,041,770 pounds, thus making an increase on the consumption of wool between the two periods of 2,851,973 pounds. The increased value of cotton, leather and woollen manufactures for the year 1881, as compared with 1878, therefore exceed \$5,500,000 on these three articles alone.

NEW FACTORIES ESTABLISHED.

Now, let us see what facts we have been able to gather with reference to the new factories established, and the number of persons employed. I will deal with the general statement first, and then with one or two different localities, showing the improvement that has been produced there by the operation of this tariff. I have statements with reference to wages, but I will take the number of persons employed first. Upon a very partial investigation, because it only extended over a portion of the Dominion, we ascertained that there have been ninety-five new factories established down to October last, since March, 1879, employing 7,025 hands. The cotton factories that are now in course of construction, and will probably be completed within twelve months, will employ 3,000 hands in addition to those I have already mentioned. 440 odd factories visited and that were in operation in 1878, less the the ninety-five that I have named as being established since 1878, show an increase of employees varying from 5 to 30 per cent. and with an average of 17 per cent. in these 350 odd factories. That 17 per. cent. on the number of employees, as far as we can gather from the Census of 1871, and making allowance for reduction in the number employed between 1871 and 1878, would give 17,850, making 24,875 as the increase of employees since 1878. I will take as an illustration of the effect of the tariff one of the cities of the Dominion, to show what its operations have been—I refer to the City of Hamilton.

We find that in 1881 the value of buildings occupied in that city as factories at that date was \$1,074,100. I have the answers from the different parties communicated with that have been furnished to the Minister of Agriculture by the immigration agent there. In 1878 the value of the buildings occupied as factories in the City of Hamilton was \$705,200, an increase of \$368,900, or a rate of 51 per cent. The value of plant in 1881 was \$1,174,750; in 1878, \$538,100, showing a difference of \$636,650, or an increase of 113 per cent. The value of goods manufactured in 1881 in that city alone was \$7,478,700; in 1878 it was \$3,857,000 making an increase of \$3,621,700, or 94 per cent. The number of hands employed in 1881 was 9,054, and in 1878, as it's given here, 3,708, showing an increase of 4,351, or 117 per cent., as between 1878 and 1881. The average rate of wages per head in 1881 was \$1.17 $\frac{1}{2}$; in 1878, \$1.07 $\frac{1}{2}$, or an increase of 9 $\frac{1}{2}$ per cent. or 10 $\frac{1}{2}$ cents per head. The number of workshops and factories in 1881 was 78; in 1878 it was 57, an increase of 37 per cent. In 1878, 33 workshops were running full time, and 24 short time. In 1881, workshops running short time, 1; full time, 56; overtime, 21; making 78 in all. This is my statement with reference to one particular town. I have a statement here from 460 factories, to show the rate of wages as compared with 1878. The wages of 135 of the factories out of 460 visited remained the same as in 1878, but were nearly all working on full time, while formerly many were on short time. Fifty of the new factories started at such wages and no change was deemed necessary. In 277 factories the wages have been increased from 5 to 35 per cent. The rate of wages generally throughout the Dominion, we all know, has been considerably increased; that settles, I think the question of wages.

I now come to another statement that has been made by hon. gentlemen opposite; but before I do so, in order to make my answer more complete than it would otherwise be, I desire to refer for a short time to the cost of the manufactures of the Dominion of Canada to the consumer compared with what they were in 1878. And I trust I may be able to use as strong language, or language very similar to that employed by my hon. friend from South Brant—that the result of the increase in the tariff had not been to increase the cost of the article to the consumer. I take up, in the first place, cotton goods, because I know that in the Maritime Provinces as well as in the west, but especially the Maritime Provinces, great stress was laid on the increased cost of cotton goods as well as the increased cost of woollen goods, especially of the coarser classes. I stated last session the prices of grey and white cottons and brown sheetings, but I have here a statement showing that brown sheeting and bleached shirtings manufactured in the Dominion were sold at from 5 to $7\frac{1}{2}$ per cent. over the net cost price of the same articles in the United States, or 10 per cent. less than the price at which they would sell under the old tariff of 1877-78. That is to say, that, with reference to this particular description of cotton goods manufactured in the Dominion of Canada, they are sold to-day at a lower price than they were sold under the old tariff. I have here a statement from Mr. Parks, of the City of St. John, with reference to ball knitting cotton, manufactured and sold by him at $39\frac{1}{2}$ cents per pound, delivered in Montreal, Toronto, London or Hamilton, while the net price of the same article in the United States is 40 cents per pound. I have in my possession the letters written to, and the answers written by, men engaged in this manufacture in Massachusetts, and they state their lowest net prices. Therefore, the

consumer of this description of cotton goods has them $17\frac{1}{2}$ per cent. less than they had them in 1878. With reference to cotton yarns, number 7 to number 10, in the United States in 1878 they were $20\frac{1}{2}$ cents per pound, the raw cotton being 10 cents per pound. The same articles are manufactured by Parks, and they are sold in 1882 for $22\frac{1}{2}$ cents, the raw cotton being 12 cents per pound. There was an increase of price in this case of $1\frac{1}{2}$ cents per pound on the manufactured article, against an increase of 2 cents per pound on the raw material. Carpet warps sold in the United States in 1878 at $22\frac{1}{2}$ cents per pound, while the same article is sold by Parks in 1882, at $24\frac{1}{2}$ cents per pound, the increase being $1\frac{1}{2}$ cents per pound, against an increase in the price of the raw material of 2 cents, showing that the price was not really in excess of what it cost in 1878. Beam warps, number 10, were $28\frac{1}{2}$ cents per pound in the United States, while in New Brunswick in 1882 they were $31\frac{1}{2}$, an increase of $2\frac{1}{2}$ cents, against an increase of 2 cents per pound on the raw cotton. Beam warps, in January, 1882, in the United States were $30\frac{1}{2}$ cents per pound net, while the price in New Brunswick was $31\frac{1}{2}$ cents per pound net, or less than 2 per cent. above the United States prices. These figures show that so far as this particular class of cotton goods is concerned they are sold to the consumer at a less price than in 1878, and many of the articles are sold at the American prices, or a fraction under or a fraction over them. I may add that it was not to be expected that the prices would be as low for the first year or two as they will be when competition is established. Take, for example, the year before last, when we had but two sugar refineries—those in Montreal—and look at the result which has followed upon the establishment of three others in the Maritime Provinces. A year ago I had to admit, on the

face of the paper submitted to me, that 25 cents per hundred more was paid for sugar than under the tariff of 1878. This did not include the charges by the middlemen. Now we can state emphatically that the price is less to the consumer than if it had been imported under the tariff of 1878. And I firmly believe that the competition in cost on cotton manufactures in twelve months, when we shall have 400,000 spindles instead of 180,000 which we have now, will produce such a result that there will be little difference in the prices here of any description of such goods and the prices in the United States. What our manufacturers say is, "we can manufacture here as cheaply as in the United States, but we want the market. We are preparing for the sharpest competition, and we do not fear our friends on the other side of the line if we have the home market, and the competition among ourselves will keep the prices down to the consumer." This is an important subject ; the leader of the Opposition referred to it, and, in order to make the people in the Maritime Provinces see the effect of this tariff as he sees it, said that if a farmer visited one of the dry goods stores and bought a dress for his wife he would have to send out of the nine or twelve yards he would buy, three or four yards up to Ottawa. One farmer who was present said "that is not true, because I take what I buy home to my wife. I send none to Ottawa." Many gentlemen and some ladies who were present at his meetings said that the main point made by him against the tariff was with reference to woollen goods. He said that the poor man would be compelled to pay 40 per cent. duty and upwards, and the rich man but 25 or 27 per cent. I have taken some pains to write to parties who could furnish me with reliable information with reference to the price of woollen goods ; and a gentleman sent to me, at the

request of a friend, a letter, of which he authorized me to make any use I thought proper. I stated to the gentleman, to whom I wrote among others, that I wished reliable data—data that could not be shaken by any statements of fact that could be produced in the House—because we wanted nothing but the facts, and if the manufacturers were getting large profits it was just as well that we should know it, and deal with the facts as we found them. This letter I received from Cantlie, Ewan & Co., of Montreal, who I believe have been for years engaged in selling woollen goods. It has reference to the price and nature of certain descriptions of woollen goods made in Canada, compared with the prices of the same goods previous to the change in the tariff. It is as follows:

“ 1st. Etoffes, tweeds and fabrics made from Canada wools, and used chiefly by farmers, labourers, shantymen, and mechanics in country districts, are as low in price now as at any time during ten years previous to 1878. This refers to regular sales. No doubt during the very severe depression special lines may have been sold at a concession to force sales, but the average price of such goods for 1880, 1881 and 1882 is lower than the average of ten years previous to 1878.

“ 2nd. Medium and fine wool fabrics made exclusively from imported wools, and used by farmers, mechanics in cities and towns, and by the large mass of the population, were in 1880 and 1881, and are now selling for 1882, at lower prices than at any previous time since these goods were made in Canada.

“ The goods now made in Canada from fine and medium wools have improved very much in character as to fabric, colour and finish, and ought on this account to bring more money instead of less.

"3rd. Flannels are now as low in price as at any time during the past fourteen years, except for a short time during 1877 and 1878, when, under the pressure of hard times, a break in price took place by the largest manufacturer of such goods attempting to run out the smaller makers. This failed, and the price has since been steady. No advance has taken place, although wool supplies and wages all have advanced very considerably.

"4th. Blankets are as low in price now as they were any time during ten years previous to 1878. During 1880 they were lower in price than at any former time in Canada. Our Canadian wo's were then very low in price, about 21 cents per lb. ; since then wool suitable for blankets has averaged not less than 29 cents to 30 cents, and blankets have advanced in consequence. For last year and this present year prices are as low as any year since 1869. Being compelled by foreign competition to give up making blankets for 1875, 1876, 1877, 1878, we have no record of prices for these four years."

Mr. Speaker, that speaks strongly with reference to the price and value of the goods made in the Dominion of Canada largely from wool grown in Canada, and consumed by the masses of the people of Canada, and while the masses of the people have been buying their woollen goods at prices as low as they were before the change of the tariff, it will be found by reference to the trade returns that we received \$411,000 more from the finer descriptions of woollen goods worn by the wealthier people than we did the year previous, and an average of from $7\frac{1}{2}$ to 9 per cent. duty more than we did in 1878 from the consumers' of the finer goods, showing clearly that instead of the rich man getting his clothing cheaper and the poor man paying more as a rule, the poor man gets his clothing as cheap or cheaper than he did before, while the rich man has paid from 7 to 10 per cent additional duty.

Mr. Mills—Then Canada never was a sacrifice market?

Sir Leonard Lilley—Yes, it was; that was the trouble. I asked one of the manufacturers, How is that, although wages are higher, prices are lower? He said to me, "The fact is, we used to have to spend a large sum in employing runners to go throughout the country to make sales; but now we have doubled our production, have orders ahead, our expenses of management have not increased, we can sell at smaller profits than we could before, and yet in consequence of the increased production we have larger profits at the end of the year." Thus we see that while we are building up these industries the people are getting cheaper goods and the manufacturers are making more money than they were before. Now, Sir, as I have dealt with the cotton and woollen goods worn by the masses of the people, I thought I would like to know how the case was with reference to the hats and caps made out of coarse woollen goods, felts and other materials; and I addressed a letter to a gentleman in Montreal largely engaged in the manufacture of these articles—a gentleman who is, I believe, known to many hon. members of this House—Mr. E. K. Greene. He, among others, sent me a reply, and which he said I might make whatever use of I pleased; and as he speaks very strongly and decidedly with respect to the effect of this policy on prices, I give him as an authority on the subject. I know he is a somewhat prominent man in the City of Montreal.

Mr. Mackenzie—A prominent Protectionist?

Sir Leonard Tilley—Yes; and he was, I believe, a supporter of hon. gentlemen opposite at one time.

Mr. Mackenzie—He is yet.

Sir Leonard Tilley—Then, Sir, I present the testimony of a

gentleman who sympathises with hon. gentlemen on the opposite side of the House, and who, under these circumstances, would not, except for the National Policy maintain this Government in power. I said, "I believe you are engaged in the manufacture of hats and caps, and that class of material," the relative cost of which to the consumer I had not up to that time received any information about. I was under the impression that some caps, made from the coarse woollen goods, cost a little more, and I was anxious to get information on the subject, so I wrote to him.

His reply was:—

HAMILTON, February 3rd, 1882.

"I have gone over and carefully compared the prices of the various lines of caps and felt hats manufactured by us in 1878 and 1881, and I find as the result of my investigation that the average selling price of our goods during the past year has been lower than in 1878, for the same class of goods. This is the case not only in those lines of goods on which the advance of duty has been slight, but also applies to those coarse, heavy woollens on which the duty has been considerably increased. These results have been attained by an increased protection of this class of goods in consequence of the present tariff, and by a natural law of manufactures, whereby a larger quantity of a given article can be produced and sold to the consumer at a less price than a smaller quantity of the same article. In other words, owing to the enlarged market afforded by protection and the keenness of *home* competition, we are able to supply the country generally with coarse woollen caps and felt hats at lower prices under the present tariff than in 1878, before it went into operation.

"As an importer, manufacturer, general merchant, of twenty-five years' experience, extending at present from Cape Breton to

British Columbia, I can safely say that the country as a whole, in its solid material prosperity and sound financial condition, has never been (during the period mentioned) as truly prosperous as at present. I believe this statement will be confirmed by every leading banker and merchant throughout the Dominion. You are at liberty to use this letter in any way you think best."

We have taken the felt hats and woollen caps, the woollen clothing and the cotton underclothing, and, for the mass of the people, it does not appear to have cost them a great deal more for these articles—it cost them somewhat less; but, at any rate, we say they have cost them no more than under the tariff of 1878. Let us see what other articles have been affected by the tariff. Ploughs are selling at 15 per cent. less than in 1878. All agricultural implements are selling from 5 to 20 per cent. less than they were sold for in 1878, and the business has increased nearly fourfold. Sewing machines are reduced in price ten dollars each, and the business has trebled or more. Boots and shoes and leather manufactures, first-class custom work, have increased in price about 15 per cent., equivalent to the increase of wages of the men employed in that particular work; but factory goods are sold at from 10 to 25 per cent. less than in 1878, although the price of labour has increased. Lamp glasses sell at less than in the United States in 1878. In hardware goods there has been an increase in price for a portion, but not greater than the increased cost of labour and of raw material, but a large portion are sold lower than in 1878. The best class of furniture is selling at a somewhat higher price than before—that is, the very best description of furniture—but the furniture that is used by the masses of the people, manufactured at the large establishments of the Dominion of Canada, is sold as low, and lower in most cases, than it was in 1878. The prices of iron

castings in 1882 was 9 per cent. higher than in 1878. In 1879 the prices were at the lowest, pig iron being cheaper than at any period since. The increase in the price of iron castings is about 15 per cent., or equivalent to the increased cost of the pig iron and the labour, principally of the labour. Cut nails are 5 per cent. lower, and finishing nails are 9 per cent. lower than in 1878; pressed spikes are 12 per cent. lower than in 1878, and railway spikes \$2 per ton lower than in 1878. Horse shoes are 8 per cent. higher than they were in 1878, because when the machine made horse shoes were first introduced, in order to induce those who required them to abandon the manufacture of shoes, the prices were put down, and consequently they were lowered in 1878, and are now selling at 8 per cent. higher than in that year; but for nails there has not been an increase in price, though we have increased the duty upon them. Let me say that as far as these particular manufactures are concerned it does not appear that the consumer has been called upon to pay anything more as a rule, but in some cases less than before, and consequently the Tariff, to the masses of the people, with reference to these manufacturers, has not been oppressive.

IMPROVED CONDITION OF THE FARMER

There are a great many statements made about the taxation of the working man, and especially upon the farmer. Now let us look at that view of the case for a moment. There is a good deal of sympathy manifested for the farmer. Let us see now, under the change in the tariff that has been in operation since 1879, with the reductions proposed to-day, how the farmer, mechanic and labourer stand. His tea will cost him 5 to 6 cents a pound less than it did in 1878. The duty is removed off his coffee. The sugar, considering the middleman and his profits, is at least 50

cents per hundred lower than before. His molasses is 10 per cent. less than he paid in 1878. With reference to rice he will be able to obtain it under the new arrangement a little less than before. Soap has increased about $12\frac{1}{2}$ per cent. in price; the increase, however, is due to the raw material from which it is manufactured, and this raw material pays no duty. With reference to spices, the duty remains unchanged. With reference to woollen goods used by the masses, they are as cheap or cheaper than before. With reference to cottons, they are as cheap or cheaper than before. Hats and caps are also as cheap as they were before. Custom made boots and shoes are 15 per cent. more, the others less. Agricultural implements are from 5 to 20 per cent less than in 1878. Sewing machines are \$10 less than before. Lamp shades and glassware are less than before; organs are less than before; nuts and bolts, which I did not refer to previously, are less than before: furniture of common qualities is as low, if not less, than before; nails and spikes less; horse shoes a little higher; stoves and castings a little higher; hardware, taking it all round, a little higher; tools and files less than in 1878. The reduction in cost will average from 5 to 10 per cent., as near as can be gathered, on the articles named. Now, sir, that being the case, let us consider the position of the farmer especially. I quite admit, if it could be shown that this tariff had no advantages for the farmer, that it was oppressive, that he paid more taxes than formerly and received nothing in return, then he might be induced to accept the invitation of hon. gentlemen opposite to oppose this policy whenever it is put upon its trial. But the leading articles which he is consuming are no higher than before, and in many cases they are less. We shall now inquire what other benefit he has in addition to the lower prices. In my judgment the farmer is

as greatly interested in this tariff as any other class of men in the Dominion. In the first place he has the home market. An hon. member opposite referred to the home market last session, stating that it was of very little importance. Visit any section of the Dominion you please, put yourself in communication with the farmers, especially in the neighborhood of towns where manufacturing industries have been established and are increasing, and ask them if they are deriving no advantage. Why, sir, under the operations of this tariff the vegetables, the fruit, the poultry, the lamb and veal and other meats, the butter, the cheese, for almost everything they offer for sale, they obtain higher prices on account of the home market than is obtained in localities where they have to sell to the middleman and ship to another market. In conversations with the farmers, I found that in 1878 they frequently came to market with their fruit and vegetables, would stand there all day, and, not being able to get a price which would be an object to them, would drive home and wait for another opportunity, frequently being compelled to return and take what was offered. "How is it now?" I said. They replied: "There is no difficulty now. We sell everything we bring in for cash, and at good prices." Why? Because business is in an active and flourishing state. Manufactories have increased, the number of the employed has increased, and their wages also have increased. They have plenty of money with which to buy country produce—I speak particularly of perishable goods which cannot be sent to a distant market. Some 25,000 more people are employed than in 1878 in these manufactories, and if they represent four for each family you have 100,000 people to be fed, the heads of whose families were without employment or were only partially employed, or not in the country, in 1878. What the effect of this is to the

farmer can be clearly understood. But it is said the duty on oats is no protection to the farmer; the duty on corn is very little benefit to the farmer. What is the fact? Do they not obtain better prices for their corn than they did before the duty of $7\frac{1}{2}$ cents per bushel was imposed? They certainly do. There is no question about it. Do they not obtain a better price for their rye? I admit that is regulated to a very large extent by the price in Germany and elsewhere, the markets to which it is generally shipped from the Dominion. But the distillers of Canada now buy their rye from the farmers of Canada, which they use as a substitute for corn. That gives an increased market, and to a certain extent affects the price. With reference to the price of oats, we have evidence beyond controversy, in my judgment, that it has been increased to the consumer 3 cents per bushel. But it is said "the European market regulates the price here. It does not matter an iota what you put upon it." Does it not? The leader of the Opposition said in Nova Scotia—and I do him the justice to say he made the same statement in Toronto previous to the West Toronto election—that the duty on coal increased the price of coal to the consumer in Ontario, and that the duty on breadstuffs increased the price of breadstuffs to the consumer in the Maritime Provinces. The operation of this state of things, he said would create a bad feeling between the people of Ontario and the people of the Maritime Provinces, because the latter had to pay additional for the breadstuffs of Ontario consumed in the Maritime Provinces, and the former additional on the coal consumed by the former. On the subject of coal I know there has been a great deal said; but my inquiries have led me to the conclusion that, while we received a very considerable sum from coal imported from the United States and consumed in Ontario, one-half of that sum is paid by the coal producers in the United States.

THE PRICE OF WHEAT.

Sir, the prices have been quoted in Chicago and compared with the prices of wheat in Toronto, and the conclusion has been drawn by some that the tariff has no effect on the price of wheat in Toronto. But, Sir, an exceptional state of things has existed in the United States for two years. This year especially the holders of wheat have felt that the short crop in the United States and the short crop in Europe would necessarily bring up the price above what it was when the harvest was completed in America. They have been holding for a time wheat at six cents per bushel higher than the price brought for that description of article in the Liverpool market, adding the ordinary freight and ordinary expenses in conveying it to the market. What have they been able to do from the fact of holding grain? They have driven the railroad companies and the shipowners to the point that, in order to enable them to get the price they were asking for it in Chicago, they have reduced the freight by railways, and the charges of transportation and the freights on shipping by which it has been sent forward, and thus made just a fair return considering the price which was paid for it in Chicago. And what was the difference a week ago? I will give an illustration simply to show that this tariff, while it does not, of course, increase the price of grain 15 cents a bushel, does, as I estimated last session, increase the price on an average of 10 cents a barrel on flour consumed in the Dominion of Canada; and, if the leader of the Opposition was present, I would thank him for the compliment which he paid me at one of his meetings when he undertook to show to the people of the Maritime Provinces that they paid more for their flour, and in order to clinch the matter he quoted my statement in Parliament to prove that the price was increased to the consumer 10

cents a barrel on flour. Ten days ago wheat was sold in the Toronto market three cents higher per bushel than it was in the Chicago market, and it could not have brought these 3 cents per bushel in excess had it not been for the tariff ; and I will tell you why. The cost of transmission of wheat from Chicago to Liverpool *via* New York was precisely to a cent what it costs to convey wheat from Toronto *via* the Grand Trunk Railway and the Allan steamers to Liverpool ; therefore, if it depended simply on the English, that wheat would have had to go down three cents in price per bushel in order to compete with the wheat sent from Chicago, but it brought three cents more, because, as we know—after the harvest is in, and a large portion of it has been shipped to England—the quantity of Canadian grain in the country being diminished, Canadian millers have to pay an increased price for the wheat which they require, and this increase goes into the pockets of our farmers, who reap the benefit ; and, therefore, the miller has either to go to the United States market and pay the duty or he has to pay the price which the farmer demands for his grain here. And, consequently, our farmers ten days ago received three cents more per bushel for their wheat than they would have obtained had our market been open and exposed to the danger of being broken down by shipments from the other side, which without the duty, would have been thrown in here, and thus brought into competition with the produce of our own agriculturists ; The returns on the table of the House show that in the years 1879-80 and 1880-81 there were 10,000,000 bushels more of Canadian grain consumed in Canada than was the case during the two years previous. We had, therefore, a market for the products of Canada to the extent of 5,000,000 bushels of grain per annum which we did not before possess, and it is thus we derive the

benefit. Our exports of the products of Canada have been somewhat increased, and a home market for 5,000,000 more bushels of grain has been provided for our farmers, who have obtained better prices than they would have received had their market been open to free competition with the farmers of the Western States; and in this manner the tariff has conferred a decided benefit upon our agriculturists. I have the evidence here which will show the exact extent of the reduction in imports of breadstuffs. In 1877 we consumed in Canada 5,210,890 more bushels of United States wheat than we did in 1881, and in 1878 we consumed 2,161,867 bushels more than we did in 1881. In 1877 we consumed 599,737 more bushels of American oats than we did in the year 1881; and in 1878 we consumed 1,999,156 more bushels of United States oats than we did in the year 1881; showing that in 1881 we had a home market for 7,302,000 bushels more of home grown grain than the average for the years 1877 and 1878.

CANADA'S CREDIT IN ENGLAND.

Having dealt with these points, I desire to deal with another objection, and that is that the ill feeling that would be created in England from the adoption of this policy would affect our credit there. I answered that last session, and in this way: that in 1878 the securities of New South Wales, which were the highest colonial securities in the English market, sold from 4 to 5 per cent. above Canadian; that, while Canadian 4 per cent. securities had increased from about 89 or 90 to 104, the other colonial securities had not increased in like proportion; that the Canadian securities were 1 per cent. above those of New South Wales, and, therefore, their increased value was not solely attributable to the abundance of money and the lower rate of interest. I am in a position to state to-day that our securities are 2 per cent. above those of New

South Wales, showing an increase over last year, and standing, as they stood then at the very top of every colonial security that is offered in the English market, and next to Consols.

OPERATIONS OF THE TARIFF.

Let us look again for a few moments before I close, at the operations of this tariff. How has it affected the different interests of this country? Take, for instance, the owners of bank stocks; it has not injured them. The stock owned in Ontario and Quebec to-day at the quoted prices of sales made within a week is \$20,000,000 above what the quoted sales in 1879 would produce. Has it hurt the manufactures? It has not, because, while they say they are selling goods for less than they did before, business has largely increased. They are working full time, making prompt sales, and their increased productions at even a lower price have given them better profits than before. Have the men employed by the manufacturers suffered? They have not, because we find that in the cases where they have not had an increase of wages they have had constant employment instead of short time as before. In many cases they have not only constant employment, but they work overtime, and their position is better than it was before. How is it with the labourer to-day? He has plenty of employment in every part of the Dominion. His position is infinitely improved, at all events, as compared with what it was before the adoption of the present tariff. How is it, Sir, with reference to the merchant? The wholesale merchant tells us that his business has been doubled last year compared with that of 1879, and 50 per cent. larger than that of 1880; that he has had prompt payments, that there have been fewer bankruptcies, fewer losses, than he has known before. How is it, Sir, with the ship-owner? The shipowners are at this

moment probably feeling less the changes that have taken place in the industries and general interests of the country than any other people. There are circumstances affecting the shipping interests of Canada that can not well be reached by legislation. One is the fact that the iron ships of the old world are rapidly taking the place of the wooden vessels of the new, built by our own shipbuilders. We give a drawback that is more than sufficient to make up for the additional duty imposed on the materials used in the construction of ships, and I give as an evidence of this fact that but one builder out of the eighteen or twenty who sent in their claims for drawbacks asked more than the 75 cents allowed. The drawback gives the builder more than he pays in additional duty, and in many cases gives a return equal to the whole duty he pays.

Mr. Killam.—But the Government fixed an arbitrary drawback.

Sir Leonard Tilley.—Of course we did.

Mr. Killam.—If the amount was arbitrarily fixed, what was the use of any man asking more?

Sir Leonard Tilley.—I am speaking of the applications made before the adoption of the specific rate—applications that were made to the Minister of Customs when it was announced to the shipowners that the extra duties they paid upon materials entering into the construction of ships would be returned to them. But one of them made a claim above the 75 cents per ton subsequently fixed upon, and many of them claimed not more than half that sum. How is it with the lumber interest? It said the Government have done nothing for that. To a certain extent I admit it. We may have increased the cost of oats, and of blankets, if the lumberman buys those shoddy articles upon which a duty of 45

per cent. is paid. If we except these two articles, it will be difficult for the lumberman to show that he pays any increased taxation that does not go into the Treasury as his share of the \$2,500,000 necessary to make up deficits of past years. It would I admit be difficult for us to show any great direct benefit given to them, but I throw out this idea: It is now well understood that after three years' operation of this Tariff houses that were unoccupied before have no longer "to let" on them; this is one benefit to lumbermen; that there is an increased demand in all parts of the Dominion for lumber for home consumption, as compared with 1878, for new buildings, and every thousand or million feet sold for use in our home markets decreases by just so much the amount that would otherwise be exported, and it is well known by those who live in the Maritime Provinces how much the prices in American and English markets depend upon the stocks placed upon those markets. The lumber we manufactured in 1878 and could not consume here was thrown in addition to the ordinary shipments upon the English and American markets, reducing its value there. Providing an increased demand at home is the measure of relief afforded to the lumber trade. How is it with the mining industry? Has there been nothing done for that? Has nothing been done for the coal industry by increasing its output 400,000 tons last year? and it would have increased still more but for the accident at the Albion mine. There are two smelting furnaces where there was one before, and there is a proposition now, and capital paid in, for smelting works in Montreal. There are before the Government now propositions that may result in the establishment of other iron industries; but, take the facts as they are, they show that the policy is doing something for this industry. I have shown that the farmer has

a home market and higher prices owing to American produce being largely shut out, while the articles he consumes are not higher than they were before. Look at the railway interest. It was thought the operation of the Tariff would tend to diminish the amount of their traffic. If we could make a careful account of the manufactured goods carried over the railways, we would find the the revenue from these sources has largely increased. Comparing what they carried from the seaports in 1877-78 and what they carry from the seaports to-day, and add the manufactures from the various factories that are sending their products all over the Dominion, it will be found that the railway proprietors have a large interest in this new policy. Every interest in the country has been, in my judgment, largely and materially benefitted. This policy, supplemented with our legislation securing the rapid construction of the Canadian Pacific Railway, have combined to place us in the enviable position we now occupy—the best position of any people on the face of the earth.

We give below the most recent reference to the state of British trade made by Mr. Ritchie in the British Parliament, on introducing the following motion on 26th March, 1882.*

FOREIGN TARIFFS.

Mr. Ritchie, in rising to move for the appointment of a select committee to inquire into the effect on British trade of foreign tariffs, said his motion was directed simply to an investigation of the causes of the depression in trade which had succeeded to the brilliant and progressive period which preceded 1872. For the last five or six years the country had not been progressing, but had, on the contrary, been going back, and all classes of the community had in consequence undergone severe trials and privations. Since 1880 the exports had undoubtedly increased in volume, but they had not increased in price, while, on the other hand, the imports had undoubtedly increased in price. In speaking about the condition of the country he could not begin better than by recalling to the notice of the House the very grave and weighty words uttered by the Prime Minister when last year he introduced his financial statement. The right hon. gentleman considered it necessary at that time to draw attention to the fact that the improvement which had gone on for so many years in the condition of the country had not only come to a standstill, but that unmistakable signs existed that we were going back instead of forward. He would consider what progress had been made with regard to that portion of the income tax which was obtained from the manufacturing and trading community. The income assessed to the tax amounted in 1875 to £267,000,000, in 1876 to

* The report of this important discussion was received after this work was in type. We append Mr. Ritchie's statements as the most recent corroboration of the views expressed under Chapter IV.—England under Free Trade.

£271,000,000, in 1879 to £257,000,000, and in 1880 to £249,000,000. As, however, the population had increased 5 per cent. since 1876, the decrease of 8 per cent. between that year and 1880 did not fully describe the actual decrease. The income in 1880, corrected according to the increase of population, should be £285,000,000. These figures showed a decrease of 13 per cent. in four years. There were other indications of the condition of the country that were equally important. The Customs and Excise revenue amounted in 1876 to £47,000,000, and in 1881 to only £44,000,000. Thus the House would see that in 1881 the consumption of articles under the head of Customs and Excise decreased £3,000,000, and the figures corrected according to the increase of population made a decrease in 1881 as compared with 1876 of no less than eleven per cent.

But, after all, however important might be the comparison he expected to be made, the point was not that the country was richer now than in 1840, but that it was poorer than it was ten years ago. It was to be borne in mind, in considering the subject of imports and exports, that we were every year becoming more and more dependent on other countries for our supplies of food and raw material. Our wants were constantly increasing, and, in order to satisfy them, we could only give our manufactures. Our exports, then, ought to increase in a direct ratio with our imports, if we were to pay for the latter out of our national income. Now, in 1872 the value of the animal and cereal food imported into the country was £75,000,000; in 1879, \$102,000,000, or an increase of 33 per cent., while our means of paying for that supply had diminished as much as 20 per cent. In 1872 we grew 54,000,000 cwt. of wheat, and imported 47,000,000cwt.; in 1879 we grew 28,000,000cwt., and imported 70,000,000. And with re-

spect to meat, in 1872 we grew 26,000,000cwt. and imported 4,000,000; and in 1879 we grew 24,000,000cwt. and imported 8,000,000. In his opinion, there was no better test of the prosperity of a country than was afforded by its foreign trade. He would, therefore, compare the exports of the years 1872 and 1880, though the figures for 1871 and 1879 gave a precisely similar result. In 1872 the value of our exports was £256,000,000; in 1880 it was £223,000,000; or in the former year £8 1s. per head of the population, and in the latter only £6 9s. 5d., since which time there had been a steady further decline. Comparing the year 1872 with 1879, the decrease was still greater, and amounted to 30 per cent. If he separated our foreign from our colonial exports, the diminution in their value was very remarkable. The value of our exports to foreign countries in 1872 amounted to £195,000,000 or £6 2s. 11d. per head; in 1880 to £147,000,000, or £4 5s. 9d. per head, a decline of no less than 30 per cent., or almost one-third, in our foreign trade. But if we look to the British possessions, the story was entirely different. In 1872 our exports to our colonies amounted to £60,000,000, and instead of decreasing 30 per cent. like our foreign trade, they increased in 1880 to £75,000,000, or 25 per cent. That increase would have been still greater if it had not been for a decrease of about 20 per cent. in our exports to Canada and 25 per cent. in our exports to Victoria, which was an evidence of the effect of their tariffs. But to India, which not many years ago some members of Her Majesty's Government did not lay great store upon as a market for our trade, our exports had increased from £18,000,000 in 1872 to £30,000,000 in 1880, or no less than 70 per cent. Our exports of cotton had decreased from 1872 to 1880 as follows:—To Germany, from £6,000,000 to £3,000,000; to Holland, from £5,500,000 to

£2,500,000; to France, from £3,000,000 to £1,750,000. To Egypt the value of the cotton exports in 1872 was £2,000,000, and in 1880 it was £4,000,000. Taking these countries together, the decrease in the value of cotton goods exported was 40 per cent., while the increase to India alone—namely, from £26,000,000 to £42,000,000—amounted to 65 per cent. With respect to woollen goods the decrease of our exports between 1872 and 1880 was as follows:—Germany, from £12,000,000 to £3,000,000; Holland, from £3,400,000 to £1,600,000; the United States, from £7,000,000 to £2,500,000—a decrease in the case of these three countries of from £22,000,000 to £7,000,000, or one-third. While our exports had diminished to that enormous extent, our imports had increased by £56,000,000, the increase being mainly in food, though there had been some in manufactured articles.

The vote on Mr. Ritchie's motion was 140 against and 89 for it, a majority of only 51; showing that the change of 26 votes from the majority to the minority would have carried what the free traders turned in the discussion into free trade against fair trade.

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